

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	713.20	3.00	(1.45)	714.75	3.00	(3.45)	712.75	712.75
Personal Services	30,662,678	3,137,141	(73,687)	33,726,132	3,247,205	(226,058)	33,683,825	67,409,957
Operating Expenses	14,289,109	848,676	(221,070)	14,916,715	335,517	(31,634)	14,592,992	29,509,707
Equipment	1,592,615	141,565	0	1,734,180	266,481	0	1,859,096	3,593,276
Local Assistance	0	0	0	0	0	0	0	0
Benefits & Claims	804,398	83,982	0	888,380	83,982	0	888,380	1,776,760
Transfers	0	0	25,000	25,000	0	25,000	25,000	50,000
Debt Service	770,160	1,289,144	3,900,000	5,959,304	(6,856)	0	763,304	6,722,608
Total Costs	\$48,118,960	\$5,500,508	\$3,630,243	\$57,249,711	\$3,926,329	(\$232,692)	\$51,812,597	\$109,062,308
General Fund	23,647,394	2,055,727	(2,359,202)	23,343,919	1,624,662	(2,309,335)	22,962,721	46,306,640
State/Other Special	21,081,629	3,058,398	5,409,741	29,549,768	1,913,404	1,512,395	24,507,428	54,057,196
Federal Special	2,700,049	224,648	622,083	3,546,780	230,954	606,871	3,537,874	7,084,654
Proprietary	689,888	161,735	(42,379)	809,244	157,309	(42,623)	804,574	1,613,818
Total Funds	\$48,118,960	\$5,500,508	\$3,630,243	\$57,249,711	\$3,926,329	(\$232,692)	\$51,812,597	\$109,062,308

Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety, as authorized in 2-15-501, MCA. The duties of the department include: 1) providing legal representation for the state and its political subdivisions in criminal appeals; 2) providing legal services and counsel for the state, county and municipal agencies, and their officials; 3) enforcing Montana traffic laws and registering all motor vehicles; 4) enforcing state fire safety codes and regulations; 5) assisting local law enforcement agencies in bringing offenders to justice; 6) managing a statewide system of death investigations and providing scientific analyses of specimens submitted by law enforcement officials, coroners and state agencies; 7) maintaining and disseminating criminal justice information to authorized state, local, and other entities; and 8) providing uniform regulation of all gambling activities in the state of Montana.

Reorganization

During the fiscal 2001, the agency combined the Montana Law Enforcement Academy with the Division of Criminal Investigations and eliminated one administrator position.

Supplemental Appropriation Description

Major Litigation

The 2001 legislature approved general fund of \$400,000 for a biennial appropriation for major litigation handled on behalf of the state. In February 2002, the department requested that the fiscal 2003 appropriation of \$200,000 be moved forward to fiscal 2002 as only \$34,000 remained in the fiscal 2002 appropriation. The executive has included a general fund supplemental appropriation of \$250,000 for the remainder of fiscal 2003.

One major expense in fiscal 2002 was the lawsuit regarding the Automated Accounting and Reporting System in the Gambling Control Division. Major litigation funds of approximately \$129,000 were spent for this purpose in fiscal 2002. Other major cases represented by the department during the 2003 biennium and ongoing include: mining regulation, laws regulating game farms, the school fund lawsuit, and potential tobacco lawsuits.

Prisoner Per Diem

The executive requests approval for a \$250,000 general fund supplemental for prisoner per diem. In June 2002, the department requested a transfer of \$112,894 from fiscal 2003 funds to fiscal 2002 for costs associated with boarding prisoners in county detention facilities. Fiscal 2003 funds were also reduced by \$32,500 in the reductions ordered by the Governor under 17-7-140, MCA. The amount remaining after these reductions was \$927,356.

Statute requires that if funds are transferred from the second year of the biennium to the first that the agency present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations". The Highway Patrol is exempt from this statute under 17-7-301(2)(c)(ii), MCA.

The department is required to pay county detention costs for prisoners arrested by the Montana Highway Patrol. Statute sets the boarding cost as a "rate that is agreed upon by the arresting agency and the detention center and that covers the reasonable costs of confinement, excluding capital construction costs". The Department of Corrections renews the contracts with county detention facilities annually and the rates have increased throughout the years. The only way the department can control these costs is by limiting the number incarcerated. The department implemented such a cost reduction incarceration policy as part of the reductions ordered by the Governor under 17-7-140, MCA, expecting to offset the \$112,894 transferred to fiscal 2002 and to save an additional \$32,500. These savings have not occurred.

At fiscal year end 2002, the department accrued \$288,205 for fiscal 2002 prisoner per diem costs. Included in this amount was the \$112,894 transferred from fiscal 2003. As of December 1, \$111,338 of the accrued amount had been expended, leaving \$176,867 in fiscal 2002 funds to pay for fiscal 2002 costs.

It appears that the transfer of fiscal 2003 funds may not have been necessary. If the department does not receive any more late bills for county jail costs, the department unnecessarily reduced funds available for fiscal 2003. In addition, LFD staff pointed out at the time of the request for the transfer of fiscal 2003 funds, that the department had carry-forward funds of \$59,240 from fiscal 2000 and \$164,567 from fiscal 2001 that could be used to offset the additional prisoner per diem costs. (The fiscal 2001 carry-forward funds were reduced by \$40,000 in the August 2002 Special Session.) The department stated that the funds would be used to offset shortfalls in other areas. As of December 1, 2002, carry-forward funds of \$124,567 in general fund were still available and could be used to offset the supplemental request.

Counties have routinely been remiss in submitting timely invoices to the department. This has made it difficult to determine outstanding costs. However, this supplemental request could have been reduced to \$12,500 if fiscal 2003 funds were not transferred and all remaining carry-forward funds were used.

The department will present legislation stating that an agency is not responsible for costs submitted more than 90 days after the last day of the state fiscal year. To have a more accurate idea of outstanding detention costs, the legislature may want to require detention centers to submit costs within 90 days of incurring the expense, rather than "after the last day of the state fiscal year". This would allow the agency to project more accurately whether the appropriation will be sufficient towards the end of a fiscal year.

**LFD
ISSUE**

The legislature may want to make the prisoner per diem appropriation a biennial appropriation in the future. This could help prevent the request for a supplemental in the future as it provides greater flexibility in using the funds in either year.

Agency Discussion

Department of Justice Major Budget Highlights	
<ul style="list-style-type: none"> o Reduction of approximately \$1.0 million general fund in 2005 biennium request compared to base (reduction of 2.1 percent) o Increase of \$12.8 million in total funds over the base budget (increase of 13.3 percent) o \$5.2 million for debt service on motor vehicle system o \$2.2 million to replace general fund at Law Enforcement Academy o Reduction of 13.45 general funded FTE reduces general fund by \$0.9 million o Increase of 13.00 FTE and operating expenses for \$1.7 million in state special and federal revenue funds 	
Major LFD Issues	
<ul style="list-style-type: none"> o Viability of gambling license fee account o Cap prisoner per diem rates o Determine if the Child Protective Services unit is a priority for continued funding o Bring funding of Gambling Control Division into compliance with statute 	

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the Governor. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2005 Biennium Executive Budget						
Agency Program	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	Total %
Legal Services Division	\$ 7,112,014	\$ 614,491	\$ 1,010,983	\$ -	\$ 8,737,488	8.0%
Gambling Control Division	461,700	3,824,098	-	1,561,955	5,847,753	5.4%
Motor Vehicle Division	17,355,087	6,060,396	-	-	23,415,483	21.5%
Highway Patrol Division	2,370,287	36,833,279	1,641,972	-	40,845,538	37.5%
Division Of Criminal Investigation	4,859,771	3,080,487	3,725,337	-	11,665,595	10.7%
Information Technology Svcs Division	5,790,363	2,118,746	326,256	20,398	8,255,763	7.6%
County Attorney Payroll	3,246,680	-	-	-	3,246,680	3.0%
Central Services Division	662,342	919,291	-	31,465	1,613,098	1.5%
Forensic Science Division	4,448,396	606,408	380,106	-	5,434,910	5.0%
Grand Total	<u>\$ 46,306,640</u>	<u>\$ 54,057,196</u>	<u>\$ 7,084,654</u>	<u>\$ 1,613,818</u>	<u>\$ 109,062,308</u>	<u>100.0%</u>

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	Present Law Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Biennium Fiscal 02-03	Total Exec. Budget Fiscal 04-05
FTE	716.20	(1.45)	714.75	716.20	(3.45)	712.75	713.20	712.75
Personal Services	33,799,819	(73,687)	33,726,132	33,909,883	(226,058)	33,683,825	62,454,629	67,409,957
Operating Expenses	15,137,785	(221,070)	14,916,715	14,624,626	(31,634)	14,592,992	29,322,507	29,509,707
Equipment	1,734,180	0	1,734,180	1,859,096	0	1,859,096	3,577,214	3,593,276
Local Assistance	0	0	0	0	0	0	0	0
Benefits & Claims	888,380	0	888,380	888,380	0	888,380	1,610,698	1,776,760
Transfers	0	25,000	25,000	0	25,000	25,000	0	50,000
Debt Service	2,059,304	3,900,000	5,959,304	763,304	0	763,304	2,343,474	6,722,608
Total Costs	\$53,619,468	\$3,630,243	\$57,249,711	\$52,045,289	(\$232,692)	\$51,812,597	\$99,308,522	\$109,062,308
General Fund	25,703,121	(2,359,202)	23,343,919	25,272,056	(2,309,335)	22,962,721	40,308,016	46,306,640
State/Other Special	24,140,027	5,409,741	29,549,768	22,995,033	1,512,395	24,507,428	51,673,887	54,057,196
Federal Special	2,924,697	622,083	3,546,780	2,931,003	606,871	3,537,874	5,852,346	7,084,654
Proprietary	851,623	(42,379)	809,244	847,197	(42,623)	804,574	1,474,273	1,613,818
Total Funds	\$53,619,468	\$3,630,243	\$57,249,711	\$52,045,289	(\$232,692)	\$51,812,597	\$99,308,522	\$109,062,308

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 102 - Funding Authority for Restorative Justice Office										
01	1.00	0	0	66,192	66,192	1.00	0	0	66,030	66,030
DP 703 - Reduce FTE										
07	(3.00)	0	(102,434)	0	(144,273)*	(3.00)	0	(103,031)	0	(145,114)*
DP 705 - Additional Reduction in AARS										
07	0.00	(107,350)	0	0	(107,350)	0.00	(107,350)	0	0	(107,350)
DP 1205 - Eliminate 9.45 FTE										
12	(7.45)	(179,091)	0	0	(179,091)	(9.45)	(276,904)	0	0	(276,904)
DP 1206 - Reduction of Motor Pool Vehicles										
12	0.00	(40,000)	0	0	(40,000)	0.00	(40,000)	0	0	(40,000)
DP 1304 - Executive Protection										
13	2.00	0	133,583	0	133,583	2.00	0	133,500	0	133,500
DP 1802 - Eastern Montana Drug Task Force										
18	2.00	0	47,453	142,358	189,811	2.00	0	47,453	142,358	189,811
DP 1803 - High Intensity Drug Traffic Area Funding										
18	1.00	0	0	54,769	54,769	1.00	0	0	54,769	54,769
DP 1805 - Legislative Contract Authority										
18	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 1806 - Homeland Security Program										
18	3.00	0	0	231,890	231,890	3.00	0	0	217,133	217,133
DP 1902 - Reductions in Personal Services										
19	0.00	(147,634)	0	0	(147,634)	0.00	(226,121)	0	0	(226,121)
DP 2804 - Fund Switch										
28	0.00	(11,610)	12,150	0	0*	0.00	(11,610)	12,150	0	0*
DP 3203 - Chemist										
32	1.00	0	0	50,798	50,798	1.00	0	0	49,342	49,342
DP 7001 - Legal Services FTE Reduction										
01	(1.00)	(36,032)	0	0	(36,032)	(1.00)	(36,008)	0	0	(36,008)
DP 7001 - Eliminate 3 FTE/ 1 FTE Fund Switch										
18	(3.00)	(209,419)	0	76,076	(133,343)	(3.00)	(210,821)	0	77,239	(133,582)
DP 8001 - Delay Requirement for New License Plates										
12	0.00	(251,415)	0	0	(251,415)	0.00	0	0	0	0
DP 8001 - Criminal Justice Information System FTE										
29	3.00	(120,794)	290,589	0	169,795	3.00	(120,839)	290,371	0	169,532
DP 8002 - Reduce Number of Decals										
12	0.00	(152,457)	0	0	(152,457)	0.00	(172,730)	0	0	(172,730)
DP 8003 - Motor Vehicle Registration Automation										
12	0.00	0	3,900,000	0	3,900,000	0.00	0	0	0	0
DP 8003 - Fund Switch MLEA Pending Legislation										
18	0.00	(1,103,400)	1,103,400	0	0	0.00	(1,106,952)	1,106,952	0	0
Total	(1.45)	(\$2,359,202)	\$5,409,741	\$622,083	\$3,630,243*	(3.45)	(\$2,309,335)	\$1,512,395	\$606,871	(\$232,692)*

Elected Official: New Proposal

As an elected official, the Attorney General is authorized in statute to bring new proposals to the legislature, even though the new proposals were not included in the Executive Budget.

- Computer Crime Unit - The Attorney General requests \$400,000 general fund for the biennium for the Computer Crime Unit. This unit, within the Division of Criminal Investigation, will serve as a resource to local law enforcement by: 1) providing forensic analysis support to local agencies; 2) assist local agencies in seizing and analyzing computers and electronically stored evidence; 3) serve as a resource to assist in the investigation of all forms of high-technology crimes; and 4) strive to train other state and local agencies in handling of computer evidence and the investigation of computer crime.
- Forensic Science Division - The division has requested a Latent Print Examiner position in decision package PL - 3201. To obtain federal funding for this position, a 30 percent general fund match is required and requested. Currently the crime lab has a one-year backlog in this area. Delays can result in criminal cases not being processed or moved through the courts. The Latent Print Section processes latent prints, footwear, tire track and

other impression evidence for Montana law enforcement. The general fund for this position would be approximately \$16,500 each year of the biennium.

LFD COMMENT

If the legislature approves this elected official proposal, the federal funds in PL 3201 can be reduced by \$16,500 each year of the biennium

Agency Issues

Fund Balance of Gambling License Fee State Revenue Account

Revenues to the gambling license fee account are generated through licenses and permits for gambling operators, machines, and other gambling activities, as well as license fees for video gambling machine manufacturers/distributors. The majority of the revenue in this account comes from the license fee for video gambling machines. By statute, the department is to charge \$200 for each video gambling machine permit and \$25 for each machine where ownership is transferred. Revenues to the gambling license fee account are 50 percent of the gambling machines permit fee (the other 50 percent goes to local governments) and 100 percent of the machine transfer-processing fee.

An analysis of the gambling license fee account projects a negative fund balance at the end of fiscal 2003 and through the 2005 biennium if the department expends the amount appropriated from this fund and if revenues do not exceed projections. During the last legislative session, the legislature accepted the division plan to internally mitigate the shortfall in the 2003 biennium. The department mitigated the shortfall in fiscal 2002 through leaving vacant positions unfilled, voluntary early retirement of 4.0 FTE (1.0 FTE was subsequently filled), not purchasing the imaging equipment approved by the last legislature, and other operating expense reductions. To maintain a positive fund balance at the end of fiscal 2003, the department will have to continue many of the reductions in order to spend \$0.4 million less than the amount appropriated.

Revenues have been sluggish since fiscal 1998, and in fact declined in fiscal years 2000 and 2001 and showed less than a one-half percent increase in fiscal 2002. Gambling license fee revenues are projected to increase less than 1.0 percent in fiscal 2003 with no increase projected for fiscal 2004 and a very slight decrease in fiscal 2005. There is concern that the provision of the Automated Accounting and Reporting System (AARS) legislation that allows more than one game to be on a video gambling machine will lead to a reduction in the number of video gambling machines and impact revenues.

The 15 percent video gambling tax has not shown any decline through the years. Revenues from this tax have increased by approximately 4.6 percent per year.

Figure 1 on page D-14 shows the status of the gambling license fee account through the 2005 biennium, based upon projected gambling license fee revenues and appropriations requested in the Executive Budget. As shown in the table, disbursements for ongoing expenditures are projected to exceed revenue projections in fiscal 2004 and 2005 by slightly over \$0.1 million each year. Due to the reductions forced in fiscal 2002 because of the fund shortfall, the base expenditures are approximately \$0.4 million less than fiscal 2001. A new proposal to reduce 3.00 FTE will keep the 2005 biennium expenditures in line with the base year and maintain expenditures at a level closer to projected revenues, but a structural imbalance still exists within the account.

Options:

The solvency of this account has been an issue for several biennia. With flat or declining revenues, a fund balance of over \$800,000 in fiscal 1999 has slowly been eroded to \$37,000 for fiscal 2002 as expenditures have increased due to inflation, pay plan increases, and implementation and development of the automated accounting and reporting system. The legislature may want to consider legislation that would:

- Increase the gambling machine permit fee. The last permit fee increase occurred 14 years ago, when the fee was increased from \$100 to \$200. Based on the number of permits issued in fiscal 2002, each \$10 increase in the

gambling machine permit fee would generate approximately \$188,700. If the Executive Budget is approved as requested, a \$15 increase would leave the fund with a positive balance in fiscal years 2004 and 2005

- Increase the percent of the gambling machine permit fee distributed to the state. Each percent increase would result in approximately \$40,000 in additional state funds. An increase from 50.0 percent to 53.0 percent would be needed to ensure fund solvency at the end of the 2005 biennium.

The state assumed all responsibility for regulation and tax collection related to gambling in 1989 and at that time established the 50/50 split of the gambling machine permit fees with local governments. The 50/50 split was to hold local government harmless for fees collected prior to 1989. Since that time the workload of the division has increased substantially as the number of permits have increased over 70 percent. In addition to the permit fee revenue, local governments received two-thirds of video gambling tax revenue prior to passage of HB 124. These revenues historically increased approximately 4.0 percent each year. With the passage of HB 124, the state reimburses local governments for this lost revenue through a general fund statutory appropriation. It can be argued that local governments were more than held harmless since they continue to receive this revenue with no regulatory duties

- Dedicate a small percentage of the video gambling tax revenue to the Gambling Control Division (this would provide a source of revenue that has continued to grow each year and would have the potential to cover increased costs of the division due to inflation and pay plan increases). This would have a negative impact to the general fund
- Increase the video gambling tax and dedicate a portion of the increased amount to the Gambling Control Division. A 1.0 percent increase in the video game tax results in approximately \$2.9 million
- Reduce the services offered by the Gambling Control Division. Due to the regulatory nature of the division, reductions in service would most likely result in a delay in the licensing process or fewer: 1) audits; 2) criminal background checks; and/or 3) investigations

The division may propose legislation to increase the permit fee to \$220 with \$100 continuing to go to local governments and \$120 to the state special revenue account.

Figure 1				
Gambling License Fee Account				
	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Beginning Balance	\$86,596	\$37,517	\$0	(\$117,301)
Revenue				
Gambling License Fee Account	3,929,471	3,961,900	3,961,900	3,961,150
Misc. Fine/Forfeit.	71,892	0	0	0
Other	949	1,250	1,250	1,250
Total Revenue	<u>\$4,002,312</u>	<u>\$3,963,150</u>	<u>\$3,963,150</u>	<u>\$3,962,400</u>
Disbursements				
Statutory Distributions	1,940,712	1,875,959	1,875,959	1,875,604
Base Budget				
Legal Services	210,396	235,292	144,286	144,230
Gambling Control	1,832,670	2,175,624	1,868,170	1,870,307
SA-Lab Test	50,087	50,745	58,264	58,128
Central Services	41,582	42,616	50,477	47,158
JISD Services	36,686	23,453	36,686	36,686
Present Law Adjustments				
Gambling Control			150,676	140,410
Central Services				
New Proposals				
Gambling Control			(102,434)	(103,031)
Central Services			(1,633)	(1,633)
Pay Plan Adjust.				
Total Disbursements	<u>\$4,112,133</u>	<u>\$4,403,689</u>	<u>\$4,080,451</u>	<u>\$4,067,859</u>
Adjustments	60,742	0		
Ending Balance	37,517	(403,022)	(117,301)	(222,760)
Fund Balance	<u>\$37,517</u>	<u>(\$403,022)</u>	<u>(\$117,301)</u>	<u>(\$222,760)</u>
FY03 Projected Reductions/Saving		403,022		
Carryforward Amount	<u>\$37,517</u>	<u>\$0</u>	<u>(\$117,301)</u>	<u>(\$222,760)</u>

Other Agency Issues

In order to provide the legislature with alternatives and flexibility, the following information is provided on: 1) the Automated Accounting and Reporting System; 2) capping the prisoner per diem rate; 3) the child protection unit; and 4) outreach driver license stations.

Automated Accounting and Reporting System (AARS)

The 1999 legislature passed legislation authorizing the AARS. The concept began with a recommendation from the Legislative Auditor in 1994 and the legislation was a culmination of several years of working with the industry for support of the system. The total funding committed to AARS in 1999 was \$1.9 million general fund (over a five-year period) and \$0.6 million in gambling license fee state special revenue. The system would allow gaming machines to communicate via telephone lines with a central computer system to:

- Verify that only approved gaming software is running
- Collect information on machine play
- Ensure the accuracy of taxes, and to provide some of the regulatory responsibilities of the division in a more efficient manner

A contract was signed with Lodging and Gaming Systems (LGS) in September of 2000 to develop AARS. A dispute arose and resulted in a suit being filed against LGS for failing to fulfill its contractual obligations. The division reached an agreement with LGS and the department states that AARS will be installed in up to 20 locations by January 2003.

Statute reads that: "Revenue to fund the expense of administration and control of gambling as regulated by parts one through eight of this chapter must be derived solely from fees, taxes, and penalties on gambling activities, except the gambling activities of the Montana state lottery and the perimutuel industry" (23-5-110, MCA). In contradiction to statute, general fund of \$380,000 was appropriated by the 1999 legislature along with a commitment in language that \$380,000 would be appropriated for four more years (totaling \$1,900,000 general fund). The 2001 legislature extended the commitment in language by stating: "It is the intent of the legislature that an annual general fund commitment of \$236,250 be continued in each year of the 2007 biennium." This represents a total general fund commitment of \$2.4 million. The original general fund appropriation of \$1,900,000 was based on the understanding that approximately \$1,500,000 had been taken out of the gambling license fee account and deposited in the general fund in the 1989 biennium and the general fund commitment for AARS was in repayment of those funds. With the extended commitment through the 2007 biennium plus unanticipated general fund litigation expenses, the general fund commitment would equal \$2,600,000 assuming no additional litigation costs (see following table).

AARS Costs									
	Fiscal 2000 Expenditures	Fiscal 2001 Expenditures	Fiscal 2002 Expenditures	Fiscal 2003 Appropriation	Fiscal 2004 Request	Fiscal 2005 Request	Fiscal 2006 Language Commitment	Fiscal 2007 Language Commitment	Total
<u>General Fund</u>									
Development of AARS	\$380,000	\$380,000	\$379,999	\$338,200	\$230,850	\$230,850	\$236,250	\$236,250	\$2,412,399
LGS Litigation	4,084	8,324	128,615	0	0	0	0	0	141,023
Subtotal General Fund	\$384,084	\$388,324	\$508,614	\$338,200					\$2,553,422
<u>State Special/Proprietary Funds</u>									
Development of AARS	<u>1,891</u>	<u>549,115</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>551,006</u>
Total Expenditures	<u>\$385,975</u>	<u>\$937,439</u>	<u>\$508,614</u>	<u>\$338,200</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,104,428</u>

If the legislature chooses to replace the general fund of \$461,700 for the 2005 biennium with revenue from fees, taxes, and/or penalties from gambling activities, the following options could be considered. (Additional general fund savings of \$472,500 would occur in the 2007 biennium.)

Options:

- Increase the gambling machine permit fee. To cover the amount of general fund requested for the 2005 biennium, an increase of \$25 would be needed based on the number of permits issued in fiscal 2002. The \$25 would generate approximately \$472,000 each year with half going to local governments
- Increase the percent distributed to the state. Each 1 percent increase in the state percentage results in approximately \$40,000. An increase from 50.0 percent to 56.0 percent would cover the AARS general fund
- Dedicate a small percentage of the video gambling tax revenue to the Gambling Control Division. This would have a negative impact on the general fund
- Increase the video gambling tax and dedicate a portion of the increased amount to the Gambling Control Division. A 1.0 percent increase in the video game tax results in approximately \$2.9 million

Decrease the services provided by the division and utilize those gambling license fee account monies for AARS

Cap Prisoner Per Diem Rate

The department is required to pay county detention costs for prisoners arrested by the Montana Highway Patrol. The rate

is not based on the amount of services provided. Statute sets the boarding cost as a "rate that is agreed upon by the arresting agency and the detention center and that covers the reasonable costs of confinement, excluding capital construction costs" (7-32-2242, MCA). The Department of Corrections renews the contracts with county detention facilities annually and the rates have increased throughout the years. Disparities between rates charged by counties are evident in the following facts:

- Daily rates at the various detention facilities range from \$32 to \$86 per day in fiscal 2003
- The average cost per day increased 8.0 percent over the last two years, but nine county rates increased 25.0 percent or more (as high as 129.0 percent) over the last two years
- Over the last five years, the majority of counties have increased costs less than 2.0 percent each year

The mode, or most frequently occurring rate, among the counties has been \$50 since 1996. The median rate, or middle value in the array of rates, was \$47 per day in fiscal years 2000 and 2001 but jumped to \$50 in fiscal 2003. The average cost per day has hovered slightly over \$48 in fiscal years 2000 through 2002 and is over \$52 in fiscal 2003.

Based on current projections by the Department of Justice, prisoner per diem costs are projected to be \$2.5 million for the 2005 biennium and \$1.2 at the Department of Corrections.

Options:

- In an effort to control prisoner per diem costs and because there is such a difference in daily rates, the legislature may want to change statute to hold rates at current level for those facilities charging \$50 per day or less and provide a cap of \$50 per day for those facilities charging above \$50 per day. An annual adjustment factor for inflation could be added. Based on current projections by the Department of Justice, prisoner per diem costs are projected to be \$2.5 million for the 2005 biennium and \$1.2 at the Department of Corrections. The legislature would save \$0.5 million in the 2005 biennium in the Department of Justice with additional savings in the Department of Corrections if this option were enacted; OR
- The legislature may want to cap the rate at a lower rate of \$45 as the reimbursement rate for the regional prisons ranges from \$43.88 per day to \$47.17 and some programming is included in those rates. If the above option were enacted, the legislature would save \$0.6 million in the 2005 biennium in the Department of Justice with additional savings for the Department of Corrections

Rates paid in two surrounding states show:

- Idaho - Idaho faced a problem similar to Montana 10 years ago with counties having contracts with different amounts. Idaho statute now specifies that the Department of Corrections will not enter into contracts with counties and all counties are paid the same amount. Idaho statute was recently amended where the reimbursement rate of \$35 a day was increased to \$40 a day
- Utah - the Utah statute reads: "The legislature shall fund the total jail reimbursement core inmate incarceration costs at the rate of 70.0 percent." The core rate for fiscal 2002 is \$43.23 per day, plus a county-specific rate for medical and transportation costs. The Utah Legislative Fiscal Analyst that is assigned the Department of Corrections stated the rate for medical and transportation average an extra \$6.00 per day. Therefore, the total rate paid by the state would be 70 percent of \$43.23 plus \$6.00 or \$36.26.

Assist County Attorneys in Child Protection Cases

The legislature approved approximately \$0.5 million general fund for the 2001 biennium in a new proposal to hire 5.0 FTE attorneys and 2.5 FTE support staff to assist county attorneys across the state in handling child protection cases and other legal matters in the district courts. There are currently 4.0 FTE attorneys in the unit and 2.0 FTE support staff with locations in Missoula, Billings, and Miles City. One attorney position was held vacant to meet vacancy savings. Later in the year when vacancy savings had been met, the position was moved to the Information Technology Services Division where there was a need for a local area network manager. A 0.50 FTE support staff was moved to the Law Enforcement Academy. Expenditures for this unit totaled \$310,923 in fiscal 2002, of which \$233,193 was general fund.

Originally, the legal staff of the Child Protection Unit (CPU) only handled cases before the courts. The function of the unit has evolved to providing legal assistance and training for county attorneys and to also providing training and assistance to Child and Family Services Division personnel at the Department of Public Health and Human Services. A recent audit completed by the Legislative Auditor's Office states: "The initial role of the CPU was to be a resource for overworked county attorneys who had time-consuming child abuse and neglect cases. However, it was, and is the prerogative of each county attorney to decide whether to use CPU resources. At present, while CPU resources are being utilized in some counties, in others they are not."

Because the function this unit provides is not mandated in statute, the legislature may want to determine whether the service this unit provides is a priority to fund in the 2005 biennium. If the legislature chooses not to continue this service, a bill would not be required to eliminate this unit since statute does not direct this service. A reduction of the present law budget of \$233,193 and the reduction of 6.0 FTE associated with the unit are the only actions needed by the legislature to eliminate this program.

Travel Driver License Stations

One of the two driver license stations in Billings was closed as a result of reductions taken under 17-7-140, MCA. Most travel driver license stations are staffed by FTE that travel several times a month from a full-service station. In addition, the department must pay monthly computer line costs, phone, rent, per diem, and transportation costs to keep these offices open a few days each month. By closing the outreach offices, staff would not need to travel and would be able to increase the services at the full-service station. The inconvenience to customers is reduced by the fact that drivers' licenses only need to be renewed once every eight years. If rural outreach stations were closed, some individuals would have to travel up to 90 miles one way to obtain licensing services at a principal location.

There are currently a total of 53 driver license stations across the state. More than 70.0 percent of driver licensing transactions are processed in six driver license offices (Billings, Missoula, Kalispell, Great Falls, Bozeman, and Helena). The majority of the savings to the state would be in operating costs, as only 1.0 FTE would be impacted by this proposal. The department would need to determine an accurate savings amount that would be generated as a result of closing 23 of the travel driver license stations and increasing driver license services at full-service offices. Prior to the August 2002 Special Session reductions, the department estimated closing these stations would save approximately \$170,000 general fund over the biennium. This reduction of outreach stations would be an ongoing savings to the general fund.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	50.00	0.00	0.00	50.00	0.00	0.00	50.00	50.00
Personal Services	2,563,501	169,652	19,366	2,752,519	172,515	19,228	2,755,244	5,507,763
Operating Expenses	789,099	123,923	10,794	923,816	(266,558)	10,794	533,335	1,457,151
Equipment	0	(4,593)	0	(4,593)	(4,593)	0	(4,593)	(9,186)
Benefits & Claims	804,398	83,982	0	888,380	83,982	0	888,380	1,776,760
Debt Service	2,500	0	0	2,500	0	0	2,500	5,000
Total Costs	\$4,159,498	\$372,964	\$30,160	\$4,562,622	(\$14,654)	\$30,022	\$4,174,866	\$8,737,488
General Fund	3,439,681	346,826	(36,032)	3,750,475	(42,134)	(36,008)	3,361,539	7,112,014
State/Other Special	366,095	(59,427)	0	306,668	(58,272)	0	307,823	614,491
Federal Special	353,722	85,565	66,192	505,479	85,752	66,030	505,504	1,010,983
Total Funds	\$4,159,498	\$372,964	\$30,160	\$4,562,622	(\$14,654)	\$30,022	\$4,174,866	\$8,737,488

Program Description

The Legal Services Division provides:

- The Attorney General with legal research and analysis
- Legal counsel for state government officials, bureaus, and boards
- Legal assistance to local governments and Indian tribes
- Legal assistance, training, and support for county prosecutors

Indian Legal Jurisdiction provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the state to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

County Prosecutor Services provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. County Prosecutor Services also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section and coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel. The Child Protection Unit assist county attorneys across the state in handling child protection cases and other legal matters in the district courts.

Office of Victim Services and Restorative Justice is a consolidated effort to elevate the status and respond to the needs of victims of crime in Montana. The office also provides the cross training and coordination with local law enforcement to more fully address the broad needs of victims.

Program Narrative

Legal Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ Increase of \$232,652 general fund requested for 2005 biennium over the base budget - 3.3 percent increase ○ Increase of \$418,492 total funds requested for the 2005 biennium over the base budget – 5.0 percent increase ○ The general fund increase is for statewide present law adjustments ○ New proposals to eliminate 1.00 general funded FTE and add 1.00 federal funded FTE 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ Biennial/restricted appropriation for major litigation 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Legal Services Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 3,439,681	82.7%	\$ 3,750,475	82.2%	\$ 3,361,539	80.5%
02003 Misc Grants And Nrd	107,298	2.6%	117,821	2.6%	118,624	2.8%
02013 Continuing Legal Education	6,215	0.1%	6,215	0.1%	6,215	0.1%
02074 Gambling License Fee Account	210,397	5.1%	144,286	3.2%	144,230	3.5%
02337 Antitrust Activity	2,088	0.1%	2,088	0.0%	2,088	0.1%
02422 Highways Special Revenue	40,097	1.0%	36,258	0.8%	36,666	0.9%
03169 Federal Crime Victims Benefits	225,000	5.4%	308,982	6.8%	308,982	7.4%
03187 Bcc Grants To Dept. Of Justice	50,992	1.2%	113,341	2.5%	113,059	2.7%
03801 Dept Of Justice-Misc Grants	<u>77,730</u>	<u>1.9%</u>	<u>83,156</u>	<u>1.8%</u>	<u>83,463</u>	<u>2.0%</u>
Grand Total	<u>\$ 4,159,498</u>	<u>100.0%</u>	<u>\$ 4,562,622</u>	<u>100.0%</u>	<u>\$ 4,174,866</u>	<u>100.0%</u>

Federal funds support 75.0 percent of one attorney and operating costs in the area of drug prosecution, as well as 25.0 percent of the Child Protection Unit.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					347,717					350,738
Vacancy Savings					(112,408)					(112,566)
Inflation/Deflation					3,863					7,567
Fixed Costs					37,063					42,902
Total Statewide Present Law Adjustments					\$276,235					\$288,641
DP 101 - Crime Victims Federal Authority	0.00	0	0	83,982	83,982	0.00	0	0	83,982	83,982
DP 103 - Major Litigation	0.00	93,012	0	0	93,012	0.00	(306,988)	0	0	(306,988)
DP 7002 - On-going Special Session Reductions	0.00	(80,265)	0	0	(80,265)	0.00	(80,289)	0	0	(80,289)
Total Other Present Law Adjustments	0.00	\$12,747	\$0	\$83,982	\$96,729	0.00	(\$387,277)	\$0	\$83,982	(\$303,295)
Grand Total All Present Law Adjustments					\$372,964					(\$14,654)

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 101 - Crime Victims Federal Authority - The federal government matches state general fund expenditures on claims paid to victims of crime through the Crime Victim Compensation Program. Beginning in fiscal 2004, the federal share will increase from 40.0 percent to 60.0 percent. The executive requests a biennial increase of federal spending authority of \$167,964 to pay victims of crime.

DP 103 - Major Litigation - Base expenditures for major litigation were \$306,926. The executive requests funds to bring the major litigation appropriation to the \$400,000 biennial level established by the last legislature. Prior to the Fifty-seventh Legislature, the biennial appropriation was historically \$500,000. Major litigation expenses typically involve major lawsuits filed against the State of Montana where the Legal Services Division must provide representation to the state. The on-going cases include mining regulation, laws regulating game farms, the constitutionality of the state public defender system, and enforcement of the state tobacco settlement and associated statutes. Funding may also be needed for an anticipated challenge to the state system for school funding.

LFD ISSUE

Biennial/Restricted Appropriation

Because the funds are for a specific function, the legislature may want to approve the \$400,000 as a biennial, restricted appropriation

DP 7002 - On-going Special Session Reductions - The executive requests continuation of the reductions taken in the August 2002 Special Session reductions. Reductions include personal services, operating expenses, and equipment.

LFD COMMENT

This decision package is part of an overall reduction to the original request of the department. The executive has reduced the program original budget request by \$160,554 general fund for the biennium to meet the department mandated general fund reduction, based on a continuation of the reductions made during the August 2002 Special Session. This reduction represents the division share based on the department's reallocation of the overall reduction. Approximately \$131,400 would be reduced in personal services, \$20,000 in operating expenses and \$9,200 in equipment. This represents a 2.1 percent reduction in the division present law general fund. The personal services reduction includes elimination of a grade 10 FTE.

New Proposals										
Program	Fiscal 2004					Fiscal 2005				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 102 - Funding Authority for Restorative Justice Office										
01	1.00	0	0	66,192	66,192	1.00	0	0	66,030	66,030
DP 7001 - Legal Services FTE Reduction										
01	(1.00)	(36,032)	0	0	(36,032)	(1.00)	(36,008)	0	0	(36,008)
Total	0.00	(\$36,032)	\$0	\$66,192	\$30,160 *	0.00	(\$36,008)	\$0	\$66,030	\$30,022 *

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 102 - Funding Authority for Restorative Justice Office - The 2001 legislature passed HB 637, which created the Office of Restorative Justice. The purpose of the office is to restore victims, reform offenders who are at a low risk for violence, and decrease recidivism in lower-cost community programs rather than the higher cost of incarceration. The executive requests federal funding authority for the Restorative Justice Program to support 1.00 FTE and associated operating expenses.

LFD COMMENT

The program was not funded through HB 2 during the 2003 biennium; therefore, the executive is requesting approval of federal authority through a new proposal. The program was starting up in fiscal 2002 and approximately \$37,000 in federal grant monies was expended. The grade 17 position is requested as a step 13.

DP 7001 - Legal Services FTE Reduction - The executive requests a decrease in general fund for the elimination of 1.00 FTE administrative support position. Holding this position open was part of the August 2002 Special Session reductions.

Program Description

Agency Legal Services (ALS) Bureau provides legal assistance, hearings examiner, and investigative services to state agency clients on a contract basis. The bureau is funded on a proprietary basis, charging hourly fees and case-related costs to client agencies. The Bankruptcy Program, which is attached to this bureau, provides legal representation and advice to state agency clients regarding bankruptcy matters.

The bureau currently has 20.00 FTE funded from the revenues generated.

Proprietary Rates**Revenues and Expenses**

A rate increase was approved by the 2001 legislature to \$70 for attorneys and \$38 for paralegals to provide sufficient cash flow for operational expenses. The executive requests an increase to \$71.80 for attorneys and \$39.80 for paralegals. The increase is due to the bureau moving from state-owned space to private space and the ability to cover the pay plan increase.

Working Capital Discussion. The objective of program management is to recover costs in order to fund necessary, ongoing operations.

Fund Equity and Reserved Fund Balance. While there is no requirement that an excess fund balance be maintained, the program seeks to build a limited capital reserve fund. The rates are influenced by the working capital necessary to maintain current operations.

Cash Flow Discussion. Cash flow into the program fluctuates depending on the volume of work in any given month, which can vary considerably.

Sufficient personnel are the drivers to achieve the requirements placed on the bureau. History has shown that the current staff has maintained the workload request from agencies. Staffing is monitored and 0.50 FTE will be eliminated for fiscal years 2004 and 2005.

The rate requested takes into account the projected workload and the known and expected expenditures. Various rates were analyzed to ensure the total fund equity did not increase. The minimum rate was requested, not addressing any requirement for a positive 60-day reserve.

Report on Internal Service and Enterprise Funds, 2005 Biennium

Fund	Fund Name	Agency #	Agency Name	Program Name
06500,	Justice Legal	41100	Dept. of Justice	
06535				Agency Legal Services

	actual FY00	actual FY01	actual FY02	budgeted FY03	budgeted FY04	budgeted FY05
Operating Revenues:						
Fee revenue						
ALS Att/Inv Revenue		-	-	1,250,000	1,400,000	1,400,000
Net Fee Revenue	1,097,476	1,108,657	1,254,066	1,250,000	1,400,000	1,400,000
Investment Earnings	-	-	-	-	-	-
Securities Lending Income	-	-	-	-	-	-
Premiums	-	-	-	-	-	-
Other Operating Revenues	61	718	117	-	-	-
Total Operating Revenues	1,097,537	1,109,375	1,254,183	1,250,000	1,400,000	1,400,000
Intrafund Revenue	-	-	-	-	-	-
Net Operating Revenues	1,097,537	1,109,375	1,254,183	1,250,000	1,400,000	1,400,000
Operating Expenses:						
Personal Services	877,076	835,868	971,705	1,045,164	1,030,286	1,032,389
Other Operating Expenses	201,763	232,496	247,470	223,118	265,897	268,993
Miscellaneous, operating	11,666	10,790	11,221	11,526	-	-
Miscellaneous, other	-	-	-	-	-	-
Total Operating Expenses	1,090,505	1,079,154	1,230,396	1,279,808	1,296,183	1,301,382
Intrafund Expense	-	-	-	-	-	-
Net Operating Expenses	1,090,505	1,079,154	1,230,396	1,279,808	1,296,183	1,301,382
Operating Income (Loss)	7,032	30,221	23,787	(29,808)	103,817	98,618
Nonoperating Revenues (Expenses):						
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	-
Income (Loss) Before Operating Transfers	7,032	30,221	23,787	(29,808)	103,817	98,618
Contributed Capital	-	-	-	-	-	-
Operating Transfers In (Note 13)	-	-	9,912	-	-	-
Operating Transfers Out (Note 13)	-	-	(9,912)	-	-	-
Retained Earnings/Fund Balances - July 1 - As Restated	(63,193)	(56,161)	(25,940)	(2,153)	(31,961)	71,856
Net Income (Loss)	7,032	30,221	23,787	(29,808)	103,817	98,618
Retained Earnings/Fund Balances - June 30	(56,161)	(25,940)	(2,153)	(31,961)	71,856	170,474
60 days of expenses (Total Operating Expenses divided by 6)	181,751	179,859	205,066	213,301	216,031	216,897

DP 601 – ALS Base Adjustment- Agency Legal Services is requesting a base adjustment to their budget that eliminates a 0.50 FTE and transfers rent costs from “DoA” Rent to “Non-DoA Rent” to reflect the division move to a non-state building. The rent figures include base costs plus the increased rent costs for the new building. The FTE reduction and the rent increase were both included into the ALS rate charge, approved by OBPP.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	47.50	0.00	(3.00)	44.50	0.00	(3.00)	44.50	44.50
Personal Services	2,001,223	216,894	(138,273)	2,079,844	214,393	(139,114)	2,076,502	4,156,346
Operating Expenses	894,642	11,070	(113,350)	792,362	16,123	(113,350)	797,415	1,589,777
Equipment	0	56,000	0	56,000	42,000	0	42,000	98,000
Debt Service	1,815	0	0	1,815	0	0	1,815	3,630
Total Costs	\$2,897,680	\$283,964	(\$251,623)	\$2,930,021	\$272,516	(\$252,464)	\$2,917,732	\$5,847,753
General Fund	380,000	(41,800)	(107,350)	230,850	(41,800)	(107,350)	230,850	461,700
State/Other Special	1,851,853	166,993	(102,434)	1,916,412	158,864	(103,031)	1,907,686	3,824,098
Proprietary	665,827	158,771	(41,839)	782,759	155,452	(42,083)	779,196	1,561,955
Total Funds	\$2,897,680	\$283,964	(\$251,623)	\$2,930,021	\$272,516	(\$252,464)	\$2,917,732	\$5,847,753

Program Description

The Gambling Control Division was established by the 1989 legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division is responsible for collecting the gambling tax assessed on the net proceeds of gambling activities, and investigative functions relating to alcoholic beverage licensing and tobacco enforcement. The gambling control program operates as a state mandate. An appointed gaming advisory council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities.

Program Narrative

Gambling Control Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ Less than a 1 percent increase in total funds from the base budget ○ A 39.3 percent decrease in general fund from the base budget ○ Eliminate 3.00 FTE ○ 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ None 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Gambling Control Division						
<u>Program Funding</u>	<u>Base Fiscal 2002</u>	<u>% of Base Fiscal 2002</u>	<u>Budget Fiscal 2004</u>	<u>% of Budget Fiscal 2004</u>	<u>Budget Fiscal 2005</u>	<u>% of Budget Fiscal 2005</u>
01100 General Fund	\$ 380,000	13.1%	\$ 230,850	7.9%	\$ 230,850	7.9%
02074 Gambling License Fee Account	1,832,668	63.2%	1,916,412	65.4%	1,907,686	65.4%
02390 Gcd Loan Proceeds	-	-	-	-	-	-
02396 Sb354-Restaurant Beer & Wine	19,185	0.7%	-	-	-	-
02538 Gambling Aars	-	-	-	-	-	-
06005 Liquor Division	665,827	23.0%	782,759	26.7%	779,196	26.7%
Grand Total	<u>\$ 2,897,680</u>	<u>100.0%</u>	<u>\$ 2,930,021</u>	<u>100.0%</u>	<u>\$ 2,917,732</u>	<u>100.0%</u>

Primary funding for the Gambling Control Division comes from the revenues generated through licenses and permits for gambling operators, machines, and other gambling activities, as well as license fees for video gambling machine manufacturers/distributors. As authorized in Section 23-5-612, MCA, revenues include 50.0 percent of the gambling machine permit fee (the other 50.0 percent goes to local government) and 100.0 percent of the machine transfer processing fee. By statute, the department is to charge \$200 for each video gambling machine permit and \$25 for each machine that transfers ownership. The revenues are deposited into the gambling license fee state special revenue account to be used for the costs related to operations of the division and other agency programs.

In past biennia, general fund was appropriated to support the tobacco and alcohol beverage enforcement functions. The 2001 legislature passed HB 399, which revised the liquor license laws and created an enterprise fund. Proprietary funds were authorized to replace general fund for this function. In the 2003 biennium, liquor proprietary funded 26 percent of all functions, other than AARS. This percentage will increase to 29.0 percent in the 2005 biennium, based on an agreement with the Department of Revenue.

LFD ISSUE

Reduced Transfer to General Fund

Because the net proceeds of the liquor enterprise fund are transferred to the general fund, any additional costs reduce the amount transferred to the general fund.

General fund continues to support (at a reduced level) the Automated Accounting and Reporting System (AARS) as established by the 1999 legislature, when it approved the establishment of the AARS .

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					295,565					292,956
Vacancy Savings					(91,871)					(91,763)
Inflation/Deflation					5,216					6,436
Fixed Costs					(9,935)					(5,858)
Total Statewide Present Law Adjustments					\$198,975	\$201,771				
DP 701 - Budget Adjustments										
	0.00	(41,800)	154,780	0	176,200 *	0.00	(41,800)	144,840	0	162,200 *
DP 702 - Maintain AARS at Current Level										
	0.00	(85,430)	0	0	(85,430)	0.00	(85,216)	0	0	(85,216)
DP 704 - Delete Motor Pool Lease Vehicle										
	0.00	0	(4,104)	0	(5,781)*	0.00	0	(4,430)	0	(6,239)*
Total Other Present Law Adjustments										
	0.00	(\$127,230)	\$150,676	\$0	\$84,989 *	0.00	(\$127,016)	\$140,410	\$0	\$70,745 *
Grand Total All Present Law Adjustments					\$283,964 *	\$272,516 *				

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 701 - Budget Adjustments - The executive requests the following biennial increases over base operating expenses to:

- Annualize operating expenses for positions held vacant during the base year - \$74,150
- Cover RIF retirement expenses incurred by the division - \$34,000
- Contract for an imaging system - \$100,000
- Cover communications expenses for the automated accounting and reporting system (AARS) - \$85,850
- Re-establish the vehicle replacement cycle (four vehicles in fiscal 2004 and three vehicles in fiscal 2005) - \$98,000
- Cover out-of-country travel for the possibility of investigating license applications from foreign manufacturers of gambling devices. In the past, the division has not spent the authority if applications are not received. Every license applicant reimburses the division for the cost of each investigation including travel - \$30,000

The decision package also includes continuation of the general fund reductions ordered by the Governor under 17-7-140, MCA, and the August 2002 Special Session of \$83,600 for the biennium. The reductions include reducing the appropriation for AARS and an across-the-board 1.0 percent reduction in general fund.

LFD COMMENT

The 2001 legislature appropriated \$3.3 million for the Gambling Control Division in fiscal 2002. Due to a shortfall in the gambling state special revenue account, the division cut back personnel and operating expenses for total expenditures of \$2.9 million. The 2001 legislature approved state special revenue for an imaging system, but the system was not purchased due to the fund shortfall.

To meet vacancy savings requirements and respond to shortfalls in collections of gambling state special revenue in the 2003 biennium, four positions were held vacant for the entire base year and five other positions were vacant for an extended period. The division also offered voluntary early retirement because of the shortfall that 4.00 FTE accepted. This decision package includes \$17,000 per year for the division's share of the RIF retirement for these FTEs that has been amortized over 10 years.

**LFD
COMMENT
(continued)**

The base year operating budget is \$195,000 less than fiscal 2001. This decision package would bring the operating budget to a level that would be approximately \$50,000 less than fiscal 2001. While the department has experienced some efficiencies in the combined application process for liquor and gambling licenses, the department states that without the increase in the operating budget, the following functions will be impacted: 1) field investigations and investigation of complaints or suspected illegal activity would be delayed; 2) higher paid staff would continue to assume the vital responsibilities of the administrative officer position. The remaining responsibilities of the position, such as training and information sessions for licensees, would not be undertaken; and 3) AARS positions will be needed as the system is implemented

DP 702 - Maintain AARS at Current Level - The executive requests a reduction in contracted services because division FTE are performing AARS tasks that were originally to be performed through the contract with the vendor. An operating plan change was made in July 2002 to move funds from contracted services to personal services. Therefore, the FTE are funded in the personal services adjusted present law base and contract services should be reduced.

DP 704 - Delete Motor Pool Lease Vehicle - The division decided to no longer lease a vehicle from the state motor pool. A biennial decrease of \$12,020 is requested.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 703 - Reduce FTE										
07	(3.00)	0	(102,434)	0	(144,273)*	(3.00)	0	(103,031)	0	(145,114)*
DP 705 - Additional Reduction in AARS										
07	0.00	(107,350)	0	0	(107,350)	0.00	(107,350)	0	0	(107,350)
Total	(3.00)	(\$107,350)	(\$102,434)	\$0	(\$251,623)*	(3.00)	(\$107,350)	(\$103,031)	\$0	(\$252,464)*

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 703 - Reduce FTE - Because of shortfalls in the gambling state special revenue fund, the executive proposes eliminating 3.00 FTE. These positions became vacant in the 2002 biennium and have not been filled. The proposal requires a reduction in the division base in gambling state special revenue and liquor proprietary funds.

DP 705 - Additional Reduction in AARS - The executive requests a biennial reduction of \$214,700 in general fund. These funds are part of the annual \$380,000 general fund budget for the AARS. These funds were the amount the department originally planned to spend on data collection servers. Locations that volunteer to participate in the automated system would now have to purchase these computers to connect to the system.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	161.60	0.00	(7.45)	154.15	0.00	(9.45)	152.15	152.15
Personal Services	4,654,484	523,869	(179,091)	4,999,262	528,411	(250,938)	4,931,957	9,931,219
Operating Expenses	3,849,765	574,878	(443,872)	3,980,771	399,872	(238,696)	4,010,941	7,991,712
Equipment	0	0	0	0	0	0	0	0
Debt Service	155,132	1,289,144	3,900,000	5,344,276	(6,856)	0	148,276	5,492,552
Total Costs	\$8,659,381	\$2,387,891	\$3,277,037	\$14,324,309	\$921,427	(\$489,634)	\$9,091,174	\$23,415,483
General Fund	8,220,327	1,098,747	(622,963)	8,696,111	928,283	(489,634)	8,658,976	17,355,087
State/Other Special	439,054	1,289,144	3,900,000	5,628,198	(6,856)	0	432,198	6,060,396
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$8,659,381	\$2,387,891	\$3,277,037	\$14,324,309	\$921,427	(\$489,634)	\$9,091,174	\$23,415,483

Program Description

The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes is responsible for:

- Examination and licensure of all drivers
- Creation and maintenance of permanent driver and motor vehicle records
- Titling and registration of all vehicles including boats, snowmobiles and ATVs
- Inspection and verification of vehicle identification numbers
- Licensure and compliance control of motor vehicle dealers and manufacturers
- Providing motor voter registration

Program Narrative

Department of Major Budget Highlights
<ul style="list-style-type: none"> ○ Increase of \$0.9 million general fund requested for 2005 biennium over the base budget ○ Increase of \$6.1 million total funds requested for 2005 biennium over the base budget <ul style="list-style-type: none"> ○ \$3.9 million requested for motor vehicle automation in new proposal ○ \$1.3 million requested for debt service on titling system project ○ Eliminate 9.45 general funded FTE request
Major LFD Issues
<ul style="list-style-type: none"> ○ Service reductions due to loss of FTE

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Motor Vehicle Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 8,220,327	94.9%	\$ 8,696,111	60.7%	\$ 8,658,976	95.2%
02225 Mvd Inform Tech System Hb577	6,856	0.1%	1,296,000	9.0%	-	-
02422 Highways Special Revenue	432,198	5.0%	432,198	3.0%	432,198	4.8%
02798 Mv Reg. Automation. And DI Upgrade	-	-	3,900,000	27.2%	-	-
02976 Driver Rehab & Improvement Pr	-	-	-	-	-	-
03166 Mscap-Truck Inspection Program	-	-	-	-	-	-
03801 Dept Of Justice-Misc Grants	-	-	-	-	-	-
Grand Total	\$ 8,659,381	100.0%	\$ 14,324,309	100.0%	\$ 9,091,174	100.0%

The Motor Vehicle Division is supported by approximately 95.0 percent general fund. The division has historically been funded with general fund. Because of the division connection to the motoring public, highways special revenue account (HSRA) funds have at times been included as a funding source to relieve the general fund. In fiscal 1998, HSRA funds of \$403,056 were appropriated to MVD through HB 2 and the pay plan bill. In the August 2002 Special Session, a one-time appropriation of \$6.6 million in highways state special revenue was used to replace general fund in fiscal 2003.

**LFD
COMMENT**

If the legislature chooses to provide policy guidance for the Department of Transportation to minimize the use of state funds, thereby minimizing the use of the highways state special revenue and improving the structural balance of the account, account funds could be used to support other constitutionally allowable uses. Enforcement of highway safety and driver education are two of the allowable uses of the restricted highway state special revenue.

In the August 2002 Special Session, the legislature chose to use non-restricted highway state special revenue funds, so there was no question of the constitutionality. However, there are functions performed in the Motor Vehicle Division that appear to meet the criteria for the restricted funds, such as examination and licensure of drivers. For more detailed information on the highway state special revenue account, see "Agency Issues" for the Department of Transportation.

In addition, if the legislature chooses to appropriate highway state special revenue at the LFD suggested levels in the Highway Patrol Division (see LFD Comments in the Highway Patrol Division - "Increase Above Inflation" and "Lower Percent Increase for Vehicles"), the savings of \$415,000 in highway state special revenue could be used to replace general fund for functions in this division that meet the constitutional requirements.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				687,671					692,391
Vacancy Savings				(213,694)					(213,873)
Inflation/Deflation				121,081					130,931
Fixed Costs				2,305					12,376
Total Statewide Present Law Adjustments				\$597,363					\$621,825
DP 1201 - Motor Vehicle Operations Adjustments									
0.00	452,135	0	0	452,135	0.00	253,811	0	0	253,811
DP 1202 - Driver Licensing Operations Adjustments									
0.00	49,249	0	0	49,249	0.00	52,647	0	0	52,647
DP 1203 - HB 577 Debt Payments									
0.00	0	1,289,144	0	1,289,144	0.00	0	(6,856)	0	(6,856)
Total Other Present Law Adjustments									
0.00	\$501,384	\$1,289,144	\$0	\$1,790,528	0.00	\$306,458	(\$6,856)	\$0	\$299,602
Grand Total All Present Law Adjustments				\$2,387,891					\$921,427

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1201 - Motor Vehicle Operations Adjustments - The executive requests base budget adjustments for the Title and Registration Bureau (TRB) in the areas of printing, postage and freight, travel, leased vehicles, and telephone system maintenance. Total general fund of \$705,946 is requested for the biennium. This request includes \$251,415 for the new license plate issue mandated in fiscal 2004.

The following major adjustments are requested for the new plate issue in fiscal 2004:

- Contracted services to process more than 120,000 new plate renewal notice cards for personalized license plates in 2004 and to back up staff who will be making deliveries of the new general issue license plates - \$18,700
- Printing costs for new plate renewal notice cards, decals, and special license plate envelopes - \$184,640
- Gasoline increase for the truck that will deliver the majority of the new plates to counties - \$1,375
- Postage and UPS costs due to the new plate issue - \$34,200
- Lease of a heavy duty delivery truck with a lift to deliver the new license plates - \$12,500

Other present law adjustments not related to the new plate issue include (biennial amounts):

- Overtime costs to manage workloads (this represents a reduction from the amount spent in fiscal 2002. Approximately \$113,000 was expended in the prior two year period) - \$90,000
- Increased cost of printing license plate decals and a 4.0 percent increase in printing of forms due to the increased paper costs - \$209,140
- Increased postage and UPS costs. In January 2002, the US Postal Service discontinued the discounts previously provided for the mailing of mail renewal notices and motor vehicle transactions. This change has created a 30.0 percent increase in postage costs that is annualized for the full year - \$74,650
- Travel costs to deliver license plates to the counties - \$1,300
- Telephone equipment maintenance contract costs. A telephone system was destroyed by a lightning strike in July 2002. The two-year warranty on the new system will expire in July 2004. The maintenance contract would support the system once the warranty has expired - \$4,716

LFD ISSUE

One Time Only

If the legislature approves all of the increases in this decision package for the new issue of license plates, \$251,315 in fiscal 2004 should be a separate line item and designated as one-time-only, since it should not continue in the base.

LFD COMMENT

Legislation is being proposed by the department to require only one decal for all motor vehicle registrations and to delay the issue of new plates from 2004 to 2006. See new proposals 8001 and 8002.

DP 1202 - Driver Licensing Operations Adjustments - The executive requests present law adjustments of approximately \$102,000 in general fund for the biennium to meet ongoing driver licensing and driver control responsibilities. The major adjustments include increases for overtime, computer processing services, motor pool leased vehicles, and vehicle maintenance and a reduction for rent.

DP 1203 - HB 577 Debt Payments - A biennial appropriation of \$1,296,000 in state special revenue is requested for the 2005 biennium for HB 577 debt payments. The 2001 legislature passed HB 577 that allowed the department to borrow up

to \$4.5 million from the Board of Investments to finance the first phase of a Motor Vehicle System. Phase I was to overhaul the titling system by determining, designing, and implementing the best practices for the new system for motor vehicle titling processes. A 10 year repayment schedule for this debt was established utilizing a state special revenue account funded through a \$4 increase in lien filing fees. The revenues were projected based upon 157,324 paid lien filing fees received in calendar 2000 plus a conservative annual growth rate of 0.75 percent.

The 2001 legislature authorized a biennial appropriation of \$960,000 in state special revenues for debt service and system acquisition needs. The first payment of interest of \$6,856 is reflected in the base budget and this decision package will bring the biennial appropriation to a total of \$1,296,000.

LFD COMMENT

The fiscal note for this bill projected revenues of \$967,700 in the 2003 biennium. Revenues totaled approximately \$186,000 in fiscal 2002 (this represents only one-half of a year of collections as the increased fee became effective January 1, 2002). The Revenue and Taxation Committee projects revenues of \$763,000 for fiscal 2004 and \$782,000 for fiscal 2005.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1205 - Eliminate 9.45 FTE										
12	(7.45)	(179,091)	0	0	(179,091)	(9.45)	(276,904)	0	0	(276,904)
DP 1206 - Reduction of Motor Pool Vehicles										
12	0.00	(40,000)	0	0	(40,000)	0.00	(40,000)	0	0	(40,000)
DP 8001 - Delay Requirement for New License Plates										
12	0.00	(251,415)	0	0	(251,415)	0.00	0	0	0	0
DP 8002 - Reduce Number of Decals										
12	0.00	(152,457)	0	0	(152,457)	0.00	(172,730)	0	0	(172,730)
DP 8003 - Motor Vehicle Registration Automation										
12	0.00	0	3,900,000	0	3,900,000	0.00	0	0	0	0
Total	(7.45)	(\$622,963)	\$3,900,000	\$0	\$3,277,037 *	(9.45)	(\$489,634)	\$0	\$0	(\$489,634)*

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 1205 - Eliminate 9.45 FTE - The executive requests elimination of 7.45 FTE in fiscal 2004 and an additional 2.00 FTE in fiscal 2005, for a total of 9.45 FTE. The positions proposed for elimination include two administrative support positions, approximately five licensing/permitting clerks, and two compliance specialists. The 2.00 additional FTE proposed for elimination in fiscal 2005 are dealer compliance positions that are currently filled. By delaying the reduction of the 2.00 FTE until 2005, the division will have time to implement changes and reallocate within the Title and Registration Bureau the duties performed by these positions.

LFD COMMENT

Service reductions are likely to occur in titling and lien filing transactions for boats, snowmobiles, and ATVs. Legislation that changes statute to allow lenders to file their security interest using Uniform Commercial Code Secured Transaction filings with the Secretary of State's Office, as provided in Title 30, Chapter 9A, MCA, could mitigate this impact. Closure of the Billings West driver's license office has already occurred and staff was transferred to the Billings Central location. Additionally, the driver licensing services schedule will be reduced approximately 50.0 percent in Libby. Annually approximately 8,900 driver licensing suspension and 5,100 driver license re-instatement transactions are processed as a result of non-payment of fines or non-appearance for court dates (non-pay/appear). Backlogs for processing suspensions and re-instatements could increase. Beginning in fiscal 2005, field services for dealer compliance and Vehicle Identification Number (VIN) and odometer fraud investigations will be reduced. Administrative staff at the Title and Registration Bureau will rely on the Highway Patrol and local law enforcement to assist on-site investigations. The reduction cannot take place until fiscal 2005 to allow for a transition period to complete active investigations, coordinate with local law enforcement, and reallocate duties within the bureau.

DP 1206 - Reduction of Motor Pool Vehicles - This budget reduction will be achieved through reducing eight motor pool vehicles in the Field Operations Bureau.

**LFD
COMMENT**

The division plans to replace some of the motor pool vehicles with used highway patrol cars.

DP 8001 - Delay Requirement for New License Plates - Legislation (LC 162) will be presented to delay the new general issuance of license plates from calendar year 2004 to year 2006. The general fund savings for this biennium would be \$251,415.

**LFD
COMMENT**

Additional savings would be seen in the Department of Corrections of \$3.6 million in the 2005 biennium if this legislation is passed.

**LFD
ISSUE**

Contingent on Passage of Legislation

The legislature may want to delay action on this decision package until the legislation has been passed and approved.

DP 8002 - Reduce Number of Decals - Legislation will be presented to require one month and one expiration year decal only on the rear license plate for motor vehicles. The legislation would also require only one decal to be issued for each recreational vehicle including boats, snowmobiles, and ATV's. This results in a biennial savings of approximately \$0.3 million.

**LFD
ISSUE**

Contingent on Passage of Legislation

The legislature may want to delay action on this decision package until the legislation has been passed and approved.

DP 8003 - Motor Vehicle Registration Automation - The executive is requesting funding to complete modernization of the state motor vehicle registration and driver license business processes and computer systems. Phase I of the new system was authorized in HB 577 by the 2001 legislature. Authorization for \$3.9 million in state special revenue funding is requested for debt service on \$20.0 million in bonding that will be requested in separate legislation for Phase II. The annual payment of \$2.2 million would be funded through a \$5 per title transaction fee.

**LFD
COMMENT**

The department states that the general fund that supports the legacy system in the 2005 biennium budget will continue to be needed through the targeted 24-month implementation timeframe as these monies will be used to support the parallel processing of the old and the new system until all functions within the new system are fully operational. Beginning with the 2007 biennium, a revised system support budget will be provided. It is expected that the 2007 biennium request will be greater than the current legacy budget due to the advanced technology requirements, the enhanced skill set acquired by the support staff, and an increased effort to protect the \$20.0 million invested in the new system.

**LFD
ISSUE**

Biennial Appropriation

The debt service in fiscal 2004 will probably be much less than \$2.2 million since only a portion of the \$20.0 million will be borrowed in fiscal 2004. The legislature may want to designate this appropriation as a biennial amount, so the department has the flexibility to use the authority in either year of the biennium.

In addition, the legislature may want to delay action on this decision package until the legislation has been passed and approved.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	272.55	0.00	2.00	274.55	0.00	2.00	274.55	274.55
Personal Services	12,593,945	1,318,351	108,737	14,021,033	1,335,792	108,654	14,038,391	28,059,424
Operating Expenses	4,509,527	125,598	24,846	4,659,971	198,054	24,846	4,732,427	9,392,398
Equipment	1,448,215	179,860	0	1,628,075	317,426	0	1,765,641	3,393,716
Local Assistance	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0	0
Total Costs	\$18,551,687	\$1,623,809	\$133,583	\$20,309,079	\$1,851,272	\$133,500	\$20,536,459	\$40,845,538
General Fund	1,164,745	2,249	0	1,166,994	38,548	0	1,203,293	2,370,287
State/Other Special	16,614,943	1,574,176	133,583	18,322,702	1,762,134	133,500	18,510,577	36,833,279
Federal Special	771,999	47,384	0	819,383	50,590	0	822,589	1,641,972
Total Funds	\$18,551,687	\$1,623,809	\$133,583	\$20,309,079	\$1,851,272	\$133,500	\$20,536,459	\$40,845,538

Program Description

The Highway Patrol Division (HPD) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists and first aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

Program Narrative

Highway Patrol Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ Increase of \$40,797 general fund requested for 2005 biennium over the base budget ○ Increase of \$3.7 million total funds requested for 2005 biennium over the base budget ○ 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ Base budget may be overstated by \$176,000 for prisoner per diem ○ Lower percent increase for vehicle purchase 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Highway Patrol Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 1,164,745	6.3%	\$ 1,166,994	5.7%	\$ 1,203,293	5.9%
02003 Misc Grants And Nrd	-	-	133,583	0.7%	133,500	0.7%
02422 Highways Special Revenue	16,614,943	89.6%	18,189,119	89.6%	18,377,077	89.5%
03166 Mcsap-Truck Inspection Program	771,999	4.2%	819,383	4.0%	822,589	4.0%
03801 Dept Of Justice-Misc Grants	-	-	-	-	-	-
Grand Total	\$ 18,551,687	100.0%	\$ 20,309,079	100.0%	\$ 20,536,459	100.0%

The Highway Patrol Division is funded primarily from the highways state special revenue account, which receives most of its revenue from fuel taxes and gross vehicle weight (GVW) fees. The Motor Carrier Safety Assistance Program is funded with 85.0 percent federal funds from the U.S. Department of Transportation, combined with a 15.0 percent state match. Although the actual match requirement is 20.0 percent, utilizing highway patrol officers to conduct truck inspections for the federal government provides 5.0 percent of the match required. The remainder comes from highways state special revenue funds. General fund was added by the 1999 legislature to fund prisoner per diem and related medical costs.

The HSRA has been experiencing a structural imbalance for several biennia. A committee was established by the 1997 legislature to review the account. Committee recommendations included funding activities within the Department of Justice not directly related to the enforcement of highway safety, such as prisoner per diem, through a source other than the HSRA. The 1999 legislature approved a funding switch of slightly more than \$1.0 million each year from highway state special revenue funds to general fund as a result of the committee recommendations. This account still faces a structural imbalance. For more information, see the Agency Discussion in the Department of Transportation document.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					1,109,332					1,127,518
Vacancy Savings					(548,121)					(548,866)
Inflation/Deflation					56,002					79,123
Fixed Costs					(56,173)					(32,074)
Total Statewide Present Law Adjustments					\$561,040					\$625,701
DP 1301 - Base Adjustments Operations										
0.00 26,238		26,238	712,955	0	739,193	0.00	62,633	835,356	0	897,989
DP 1302 - Base Adjustments Recruit Training School										
0.00 0		0	32,110	0	32,110	0.00	0	32,110	0	32,110
DP 1303 - Operating Adjustments MCSAP										
0.00 0		0	1,572	289,894	291,466	0.00	0	2,373	293,099	295,472
Total Other Present Law Adjustments										
0.00 \$26,238		\$26,238	\$746,637	\$289,894	\$1,062,769	0.00	\$62,633	\$869,839	\$293,099	\$1,225,571
Grand Total All Present Law Adjustments					\$1,623,809					\$1,851,272

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1301 - Base Adjustments Operations - The executive requests an increase of \$1.5 million in highways state special revenue and \$0.1 million in general fund for the biennium. Prisoner per diem is the only item in this budget that is general funded. The following major adjustments comprise the increase (biennial amounts):

- Overtime costs of \$945,100 for uniformed personnel, civilian personnel, and communication system operators (dispatchers). Approximately \$154,000 of the increase requested is for special overtime, which is paid to uniformed personnel for traffic control in the production of movies, DUI Task Force activities, construction zones, and other emergencies. These costs are reimbursed by the "employing" organization
- An increase for gasoline costs. The base budget includes \$460,970 for gasoline plus an inflation adjustment by OBPP that increases that amount by 11.0 percent in fiscal 2004 and 16.0 percent in fiscal 2004. The division requests an additional \$68,740 above the inflated amounts

LFD ISSUE

Increase Above Inflation

The 2001 legislature approved increased funds for gasoline of over \$100,000 each year of the 2003 biennium based on estimates that gasoline costs would increase. Including the increase, the HPD was appropriated approximately \$625,000 each year for gasoline. Fiscal 2002 expenditures for gasoline totaled \$460,970 and the over-appropriated amounts for gas and vehicles (see vehicle discussion below) were used as a state match for a federal grant. The increase requested for the 2005 biennium represents a 21.4 percent increase in gas prices. The legislature may want to approve only the increases for inflation, saving \$68,740 for the biennium.

- Rent increases of office space (headquarters, districts, and detachments), aircraft hangar space, radio shop space, and radio tower sites - \$55,291
- Replace 63 patrol vehicles (one-third of the fleet) each year. Vehicles are surplused when mileage reaches levels between 85,000 and 100,000+. The request anticipates an increase in cost per vehicle of approximately 9.0 percent per year. The MHP spent \$1,311,281 on vehicles in fiscal 2002. The average vehicle cost in fiscal 2002 was \$19,287. The MHP is projecting vehicles to cost \$23,557 in fiscal 2004 and \$25,677 in fiscal 2005 - \$479,180 highways state special revenue

LFD ISSUE

Lower Percent Increase for Vehicle

The division has estimated a 9.0 percent increase each year in its request to the legislature for the past four biennia. Actual costs have only increased an average of less than 2.0 percent each year. On average, the amount appropriated has exceeded expenditures by \$200,000 each year since 1998.

The legislature may want to appropriate an increase of 2.0 percent each year, rather than 9.0 percent, which would save \$346,000 over the biennium (this includes approximately \$24,000 for one pickup each year as was in the base expenditures) and allow those highways state special revenue funds to be appropriated for other purposes. If the legislature approved only the inflation increases for gasoline and appropriated an increase of 2.0 percent each year for vehicles, the savings in highways state special revenue funds could be used to replace approximately \$415,000 general fund for functions in the Motor Vehicle Division that meet the highways state special revenue constitutional criteria.

- Prisoner per diem costs. The division spent \$1,143,358 for approximately 21,357 days of prisoner per diem in fiscal 2002. It is assumed costs will increase by 3.0 percent each year - \$175,700

LFD COMMENT

The base budget may be overstated by \$176,867. At fiscal-year-end 2002, the department accrued \$288,205 for prisoner per diem costs. As of December 4 only \$111,338 of the accrued amount had been expended. If additional invoices totaling \$176,867 are not received for fiscal 2002, the base is overstated. The legislature may want to ask the department to furnish some assurance that the \$176,867 in fiscal 2002 funds will be spent for fiscal 2002 costs, or reduce the request in this decision package by that amount. In addition, the executive recommends continuing special session reductions of approximately \$87,000 of general fund for the biennium.

DP 1302 - Base Adjustments Recruit Training School - The MHP annually conducts a Recruit Training School to train new recruits to fill vacancies. The Recruit Training School consists of 14 weeks of on-campus training and 8 weeks of field training. The increase is necessary due to fewer recruits entering the recruit school in the base year. The MHP is requesting to annualize the cost to provide for 25 recruits per year in the Recruit Training School. A total increase of \$64,220 is requested.

DP 1303 - Operating Adjustments MCSAP - The Motor Vehicle Inspection Bureau is required to perform inspections on commercial motor vehicles and compliance reviews on motor carriers, subject to state and federal regulations. A total increase of \$586,938 is requested for the biennium of which \$582,993 is federal funds and \$3,945 is highways state special revenue funds. Increases are related to salary authority, overtime, and vehicle replacement.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1304 - Executive Protection										
13	2.00	0	133,583	0	133,583	2.00	0	133,500	0	133,500
Total	2.00	\$0	\$133,583	\$0	\$133,583 *	2.00	\$0	\$133,500	\$0	\$133,500 *

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 1304 - Executive Protection - The executive is requesting spending authority for 2.00 FTE and expenses to provide executive protection for the Governor. The FTE requested are for a grade 16, step 13 and a grade 17, step 13. The MHP is requesting the spending authority in state special funds. The MHP will bill the Governor's Office for services and expenses and will be reimbursed with general fund money from the Governor's budget.

LFD COMMENT

These positions were recruited and hired in the 2003 biennium and were filled as modified positions. This decision package would authorize continued funding of the positions through HB 2 in future biennia. Statute (44-1-104, MCA) states: "The department of justice shall furnish the Governor with automobile transportation upon his request, provided that such transportation shall be limited to travel and transportation of the Governor while on official business of the state." For further discussion, see LFD Issue in the Governor's Office.

LFD ISSUE

Entry Level

These positions are requested at a level higher than market salary. The legislature may want to fund the positions at entry level, which would save over \$40,000 for the biennium.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	74.50	2.00	3.00	79.50	2.00	3.00	79.50	79.50
Personal Services	3,315,464	386,850	115,091	3,817,405	395,705	114,485	3,825,654	7,643,059
Operating Expenses	1,709,536	(45,570)	228,036	1,892,002	(37,330)	213,646	1,885,852	3,777,854
Equipment	18,830	(333)	0	18,497	(333)	0	18,497	36,994
Transfers	0	0	25,000	25,000	0	25,000	25,000	50,000
Debt Service	78,844	0	0	78,844	0	0	78,844	157,688
Total Costs	\$5,122,674	\$340,947	\$368,127	\$5,831,748	\$358,042	\$353,131	\$5,833,847	\$11,665,595
General Fund	3,456,108	282,433	(1,312,819)	2,425,722	295,714	(1,317,773)	2,434,049	4,859,771
State/Other Special	356,722	5,676	1,175,853	1,538,251	6,109	1,179,405	1,542,236	3,080,487
Federal Special	1,309,844	52,838	505,093	1,867,775	56,219	491,499	1,857,562	3,725,337
Total Funds	\$5,122,674	\$340,947	\$368,127	\$5,831,748	\$358,042	\$353,131	\$5,833,847	\$11,665,595

Program Description

The Division of Criminal Investigation (DCI) includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, the Fire Prevention and Investigation Bureau, and the Law Enforcement Academy Bureau. Investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, computer crime, dangerous drug activity, and other felony crimes. The division also has specialized criminal investigation units for the following fraud investigations:

- Workers' compensation
- Public assistance
- Medicaid
- Legislative audits

The Fire Prevention and Investigation Bureau is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Montana Law Enforcement Academy provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy provides an annual curriculum specifically designed to meet the needs of the adult and juvenile criminal justice systems. The Division of Criminal Investigation operates under both state and federal mandates.

Program Narrative

Division of Criminal Investigation Major Budget Highlights	
<ul style="list-style-type: none"> ○ Decrease of \$2.1 million general fund requested for the 2005 biennium over the base budget <ul style="list-style-type: none"> ○ Eliminate 3.00 general funded FTE and request to fund 1.00 general funded FTE with federal funds ○ Move contracted services money to personal services for 2.00 general funded FTE ○ Fund switch requested to move Law Enforcement Academy from general fund to state special revenue ○ Add 6.00 FTE funded with state special revenue and federal funds ○ Increase of \$1.4 million in total funds requested for the 2005 biennium over the base budget 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ Determine if dedication of proposed surcharge for academy meets statutory requirements 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table						
Division Of Criminal Investigation						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 3,456,108	67.5%	\$ 2,425,722	41.6%	\$ 2,434,049	41.7%
02003 Misc Grants And Nrd	280,926	5.5%	1,460,818	25.0%	1,464,833	25.1%
02079 Fire Protection & Permitting	35,995	0.7%	37,562	0.6%	37,478	0.6%
02143 Drug Forfeitures-State	39,801	0.8%	39,871	0.7%	39,925	0.7%
03051 Welfare Fraud	168,485	3.3%	161,977	2.8%	162,395	2.8%
03187 Bcc Grants To Dept. Of Justice	796,376	15.5%	984,422	16.9%	986,083	16.9%
03801 Dept Of Justice-Misc Grants	<u>344,983</u>	<u>6.7%</u>	<u>721,376</u>	<u>12.4%</u>	<u>709,084</u>	<u>12.2%</u>
Grand Total	<u>\$ 5,122,674</u>	<u>100.0%</u>	<u>\$ 5,831,748</u>	<u>100.0%</u>	<u>\$ 5,833,847</u>	<u>100.0%</u>

General fund is the primary funding source for the Montana Law Enforcement Academy, Fire Prevention and Investigation Bureau, and for general criminal investigations. It also supplies the match for welfare and Medicaid fraud investigations. General fund supports the eastern narcotics investigation effort and provides match for the western effort. Federal funds are the major source of funding for the western narcotic investigation efforts, with a match from the general fund.

The state fund account supports State Fund fraud investigations and prosecutions.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				491,634					500,861	
Vacancy Savings				(152,284)					(152,654)	
Inflation/Deflation				9,207					12,808	
Fixed Costs				(5,347)					(710)	
Total Statewide Present Law Adjustments				\$343,210					\$360,305	
DP 1801 - Required Public Safety Communicators Courses										
0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000	
DP 1804 - FTE for Maintenance of MLEA										
2.00	(12,263)	0	0	(12,263)	2.00	(12,263)	0	0	(12,263)	
Total Other Present Law Adjustments										
2.00	(\$2,263)	\$0	\$0	(\$2,263)	2.00	(\$2,263)	\$0	\$0	(\$2,263)	
Grand Total All Present Law Adjustments				\$340,947					\$358,042	

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1801 - Required Public Safety Communicators Courses - The executive requests the funding to double the number of Public Safety Communicator basic courses it provides. Since July 2001, all public safety communicators (dispatchers) are required to attend this basic course within one year of hire (7-31-203(2)(b), MCA). This new requirement has increased demand for basic dispatcher training. The division requests a total of \$20,000 in general fund for the 2005 biennium that will be offset by the \$165-per-trainee tuition the division collects and deposits into the general fund.

DP 1804 - FTE for Maintenance of MLEA - The executive requests authority to move the necessary funds from operating expenses to personal services. This allows the academy to hire two custodial FTE to maintain the cleaning of the ten buildings at the academy with no increase in funding. The department states that this will improve the janitorial services at the academy. In addition, this decision package continues special session reductions in operating and equipment totaling \$24,526 for the biennium.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1802 - Eastern Montana Drug Task Force										
18	2.00	0	47,453	142,358	189,811	2.00	0	47,453	142,358	189,811
DP 1803 - High Intensity Drug Traffic Area Funding										
18	1.00	0	0	54,769	54,769	1.00	0	0	54,769	54,769
DP 1805 - Legislative Contract Authority										
18	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 1806 - Homeland Security Program										
18	3.00	0	0	231,890	231,890	3.00	0	0	217,133	217,133
DP 7001 - Eliminate 3 FTE/ 1 FTE Fund Switch										
18	(3.00)	(209,419)	0	76,076	(133,343)	(3.00)	(210,821)	0	77,239	(133,582)
DP 8003 - Fund Switch MLEA Pending Legislation										
18	0.00	(1,103,400)	1,103,400	0	0	0.00	(1,106,952)	1,106,952	0	0
Total	3.00	(\$1,312,819)	\$1,175,853	\$505,093	\$368,127 *	3.00	(\$1,317,773)	\$1,179,405	\$491,499	\$353,131 *

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 1802 - Eastern Montana Drug Task Force - The executive requests state special and federal authority to spend grant monies for one criminal investigator and one administrative support FTE to manage the Eastern Montana Drug Task Force. For the past 15 years, local law enforcement in eastern Montana has managed this grant-funded task force. However, in fiscal 2002 management difficulties prompted the task force to request that DCI assume these management responsibilities.

DP 1803 - High Intensity Drug Traffic Area Funding - The executive requests approval of federal funding authority for one crime analyst that would allow DCI to participate in the Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) program. The mission of the Rocky Mountain HIDTA is to more effectively combat area drug trafficking problems by improving cooperation and coordination among the federal, state, and local law enforcement agencies involved. In 2001, Montana's congressional delegation successfully worked to have Montana included in this federal drug enforcement program. As a HIDTA state, Montana receives \$1 million in federal funding each year to combat methamphetamine production and distribution, and other drug trafficking. For the 2005 biennium, the division requests a total of 1.00 FTE and \$109,538 in federal funding authority. This represents the DCI share of Montana HIDTA funds.

The crime analyst FTE requested will provide investigative/analytical support, track statistical data, develop drug threat assessments, analyze major seizures, and develop and manage a photo-imaging network that permits federal, state, and local jurisdictions to share photographs and biographical data of drug dealers arrested.

LFD ISSUE

One-Time-Only

The legislature may want to designate this decision package as one-time-only so it can be evaluated by the next legislature in tandem with the availability of continued federal funding.

DP 1805 - Legislative Contract Authority - The executive requests a biennial amount of \$50,000 in state special revenue legislative contract authority (LCA). This would allow the division flexibility to spend tuition collected by students attending advanced-skill and specialized courses at the Montana Law Enforcement Academy (MLEA).

DP 1806 - Homeland Security Program - The executive requests federal funding authority for 3.00 FTE to support Montana Homeland Security initiatives. The FTE would include one criminal investigator and two grade 15 crime analysts. Montana is currently not equipped to accurately assess and evaluate potential terrorists and their targets. Montana's shared border with Canada is mostly unsecured and the identities of those crossing the border are unknown to most law enforcement agencies. This request is in anticipation of federal funding to enhance the state intelligence, collection, and analysis capabilities.

**LFD
ISSUE**
One-Time-Only

The legislature may want to designate this decision package as one-time only so it can be evaluated by the next legislature when the availability of continued federal funding is known. Statewide, agencies have requested authority for \$6.7 million in federal funds for the 2005 biennium and 7.00 FTE for Homeland Security.

DP 7001 - Eliminate 3 FTE/ 1 FTE Fund Switch - The executive requests continuation of the reduction ordered by the Governor under 17-7-140, MCA, and the August 2002 Special Session in personal services by eliminating 3.00 FTE. Additional savings in general fund are sought through funding one position with federal funds rather than general fund. The executive requests a decrease in general fund of \$420,240 and an increase in federal funds of \$153,315 for the biennium.

**LFD
COMMENT**

This decision package is part of an overall reduction to the original request of the department. The executive has reduced the program original budget request by \$420,240 general fund for the 2005 biennium to meet the department mandated general fund reduction, based on a continuation of the Governor's fiscal 2003 expenditure reductions and reductions made during the August 2002 Special Session. This reduction represents the division share based on department reallocation of the overall reduction.

The positions being eliminated are two fire marshal deputies and one administrative position. The funding for the grant writer position will switch from general fund to federal funds. The department states that the elimination of the fire marshal deputies will have the greatest impact on rural areas that only have volunteer fire departments. Fewer inspections of buildings would be done in these areas and the division would not be able to provide as many services for fire investigations. The division is exploring the possibility of providing training and certification of rural fire departments, so they are trained to perform fire inspections and investigations.

DP 8003 - Fund Switch MLEA Pending Legislation - The executive supports a fund switch for the academy that would allow moving the funding from general fund to state special revenue funds. The department will present legislation to allow a surcharge on civil and criminal cases in all courts of limited jurisdictions of \$7 that would generate sufficient revenue to offset the current general fund budget. The savings to the general fund for the biennium would be \$2.2 million.

**LFD
COMMENT**

Idaho funds its Peace Officers Standards and Training (POST) Academy in a similar manner with dedicated revenue. A fee of \$6 is paid by each person found guilty of any felony or misdemeanor; or found to have committed an infraction or any minor traffic, conservation, or ordinance violation.

Prior to the 1991 biennium, the Montana Law Enforcement Academy was funded with tuition fees that were dedicated for the academy and motor vehicle fees that were dedicated for the academy. The fees were de-earmarked to the general fund by the Fifty-first Legislature and since that time, general fund has been the primary funding source.

The Judiciary has legislation drafted (LC 167) to repeal the sunset date on the court automation surcharge and double the fee to \$10 to pay for the district court computer system and increase court automation FTE. The current \$5 surcharge applies to defendants in criminal cases, the initiating party in civil and probate cases, and defendants in civil cases. The increases proposed by the Judiciary and Department of Justice would increase the surcharge, in many cases, from \$5 to \$17. For further information, see the LFD Issue for the Judiciary.

**LFD
ISSUE****Dedicated Funds**

One of the statutory provisions (17-1-602(1)(a), MCA) of dedicated funds states: "The person or entity paying the tax, fee, or assessment is the direct beneficiary of the specific activity that is funded by the tax, fee, or assessment, and the tax, fee, or assessment is commensurate with the costs of the program or activity." The legislature may want to request that the department provide verification that the revenue generated from the surcharge directly benefits those paying the fee.

Language Recommendations

The Executive Budget does not include any language recommended for inclusion in HB 2, but the legislature may want to consider the following language.

Legislative Contract Authority

The executive requests legislative contract authority (LCA) in this division. LCA is a device that allows the executive to add spending authority without a budget amendment.

"The appropriation for legislative contract authority is subject to all of the following provisions:

- Legislative contract authority applies only to federal and private funds.
- Legislative contract authority expenditures must be reported on the state accounting records and kept separate from present law operations. In preparing the 2007 biennium Executive Budget, the Office of Budget and Program Planning may not include expenditures from this item in the present law base.
- A report must be submitted by the department to the Legislative Fiscal Analyst following the end of each fiscal year listing legislative contract authority grants received and the amount of expenditures and FTE for each grant."

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	21.55	0.00	0.00	21.55	0.00	0.00	21.55	21.55
Personal Services	1,634,822	136,152	(147,634)	1,623,340	214,639	(226,121)	1,623,340	3,246,680
Total Costs	\$1,634,822	\$136,152	(\$147,634)	\$1,623,340	\$214,639	(\$226,121)	\$1,623,340	\$3,246,680
General Fund	1,634,822	136,152	(147,634)	1,623,340	214,639	(226,121)	1,623,340	3,246,680
Total Funds	\$1,634,822	\$136,152	(\$147,634)	\$1,623,340	\$214,639	(\$226,121)	\$1,623,340	\$3,246,680

Program Description

The County Attorney Payroll program pays approximately half of the salary and benefits for Montana's 56 county attorneys, as required by 7-4-2502, MCA. County compensation boards within each county determine county attorney salaries. By law, the state contribution is limited to the general fund amount the legislature appropriates for this program. The state contribution may be less than half of the board-approved salary.

Program Narrative

County Attorney Payroll Major Budget Highlights	
o	Decrease of \$22,964 general fund requested for the 2005 biennium over the base budget
Major LFD Issues	
o	None

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table County Attorney Payroll							
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005	
01100 General Fund	<u>\$ 1,634,822</u>	<u>100.0%</u>	<u>\$ 1,623,340</u>	<u>100.0%</u>	<u>\$ 1,623,340</u>	<u>100.0%</u>	
Grand Total	<u>\$ 1,634,822</u>	<u>100.0%</u>	<u>\$ 1,623,340</u>	<u>100.0%</u>	<u>\$ 1,623,340</u>	<u>100.0%</u>	

The County Attorney Payroll Program is entirely funded by the general fund, as required by 7-4-2502, MCA.

Present Law Adjustments										
-----Fiscal 2004-----					-----Fiscal 2005-----					
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds	
Personal Services				195,711					274,198	
Vacancy Savings				0					0	
Total Statewide Present Law Adjustments				\$195,711					\$274,198	
DP 1901 - County Attorney Pay	0.00	(59,559)	0	0	(59,559)	0.00	(59,559)	0	0	(59,559)
Total Other Present Law Adjustments				0.00	(\$59,559)					
Grand Total All Present Law Adjustments				\$136,152					\$214,639	

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1901 - County Attorney Pay - The executive requests a biennial reduction of \$119,118 general fund for county attorney payroll. Statute requires one-half of County Attorney salaries to be paid from the state treasury. The Fifty-seventh Legislature changed the statute so the salaries are set annually by county compensation boards and limited the state share to the amount appropriated. The amount requested is an estimate of what the salaries will be for the next biennium.

LFD COMMENT

County attorneys are supported through several different avenues by the Department of Justice. The County Prosecutor Services Division provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. This division also coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel. The Child Protection Unit assists county attorneys in handling child protection cases and other legal matters in the district courts. The County Attorney payroll program pays half of the salary and benefits of the 56 county attorneys with the provision that the department "is not obligated to provide more than one-half of the salary of a county attorney based on the amount included in the department's budget and appropriated for that purpose" [17-7-112(2)(b), MCA]. The table below shows the amount of Department of Justice general fund expenditures in fiscal 2002 that supported county attorneys.

The state contribution to county attorney salaries has increased an average of 3.3 percent each fiscal year from 1996 to 2002. The amount requested for fiscal 2004 represents a 3.8 percent increase from the fiscal 2003 appropriation and the fiscal 2005 request represents an 8.4 percent increase from the fiscal 2003 appropriation. If the legislation approves NP 1902, the amount requested for the 2005 biennium represents a 1.8 percent reduction from fiscal 2002 expenditures and a 5.0 percent reduction from the amount appropriated for fiscal 2003.

Justice Support of County Attorneys General Fund Only		
	FTE	2002 Expenditures
County Prosecutor Services	5.00	\$247,750
Child Protection Unit	6.00	233,193
County Attorney Payroll	22.05	1,634,822
Total	<u>33.05</u>	<u>\$2,115,765</u>

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 1902 - Reductions in Personal Services										
19	0.00	(147,634)	0	0	(147,634)	0.00	(226,121)	0	0	(226,121)
Total	0.00	(\$147,634)	\$0	\$0	(\$147,634)*	0.00	(\$226,121)	\$0	\$0	(\$226,121)*

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 1902 - Reductions in Personal Services - The executive requests a biennial reduction of \$373,755 general fund for the 2005 biennium. This reduction offsets an increase in budgeted amounts for 50.0 percent of county attorney salaries that should not have been rolled forward automatically.

LFD COMMENT

The present law increase of \$195,711 for fiscal 2004 and \$274,198 for fiscal 2005 for county attorney salaries was inadvertently included in the adjusted base amount, rather than separating it out as a separate present law decision package. This decision package offsets the adjusted base and the reduction in PL 1901 actually takes the amount appropriated for county attorney salaries below the base budget.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	15.00	0.00	0.00	15.00	0.00	0.00	15.00	15.00
Personal Services	563,937	94,281	0	658,218	94,500	0	658,437	1,316,655
Operating Expenses	125,247	50,511	0	175,758	(4,562)	0	120,685	296,443
Total Costs	\$689,184	\$144,792	\$0	\$833,976	\$89,938	\$0	\$779,122	\$1,613,098
General Fund	294,457	59,992	(11,610)	342,839	36,656	(11,610)	319,503	662,342
State/Other Special	380,865	81,836	12,150	474,851	51,425	12,150	444,440	919,291
Proprietary	13,862	2,964	(540)	16,286	1,857	(540)	15,179	31,465
Total Funds	\$689,184	\$144,792	\$0	\$833,976	\$89,938	\$0	\$779,122	\$1,613,098

Program Description

The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll.

Program Narrative

Central Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ Increase of \$72,428 general fund requested for the 2005 biennium over the base budget ○ Increase of \$234,730 in total funds requested for the 2005 biennium over the base budget ○ 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ None 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Central Services Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 294,457	42.7%	\$ 342,839	41.1%	\$ 319,503	41.0%
02003 Misc Grants And Nrd	-	-	27,000	3.2%	27,000	3.5%
02074 Gambling License Fee Account	41,582	6.0%	35,627	4.3%	32,308	4.1%
02422 Highways Special Revenue	339,283	49.2%	412,224	49.4%	385,132	49.4%
06500 Agency Legal Services	13,862	2.0%	16,286	2.0%	15,179	1.9%
Grand Total	\$ 689,184	100.0%	\$ 833,976	100.0%	\$ 779,122	100.0%

The Central Services Division (CSD) is funded by an allocation from the four major funds that support the Department of Justice, in proportion to total budgeted costs.

Present Law Adjustments										
-----Fiscal 2004-----						-----Fiscal 2005-----				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services					128,100					127,871
Vacancy Savings					(27,683)					(27,673)
Inflation/Deflation					2,220					2,224
Fixed Costs					49,453					(5,624)
Total Statewide Present Law Adjustments					\$152,090					\$96,798
DP 7001 - On-going Special Session Reductions	0.00	(7,298)	0	0	(7,298)	0.00	(6,860)	0	0	(6,860)
Total Other Present Law Adjustments	0.00	(\$7,298)	\$0	\$0	(\$7,298)	0.00	(\$6,860)	\$0	\$0	(\$6,860)
Grand Total All Present Law Adjustments					\$144,792					\$89,938

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7001 - On-going Special Session Reductions - The executive requests continuing the reductions approved during the August 2002 Special Session of \$14,158 general fund for the biennium.

LFD COMMENT

This decision package is part of an overall reduction to the department original request. The executive has reduced the program original budget request to meet the department mandated general fund reduction, based on reductions made during the August 2002 Special Session. This reduction represents the division share based on the department reallocation of the overall reduction. The reductions are comprised of the pay plan reduction, reductions general fund office supplies, and a 1.0 percent across-the-board general fund reduction.

New Proposals										
-----Fiscal 2004-----						-----Fiscal 2005-----				
Program	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 2804 - Fund Switch										
28	0.00	(11,610)	12,150	0	0 *	0.00	(11,610)	12,150	0	0 *
Total	0.00	(\$11,610)	\$12,150	\$0	\$0 *	0.00	(\$11,610)	\$12,150	\$0	\$0 *

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 2804 - Fund Switch - The executive requests replacing general fund of \$23,220 for the 2005 biennium with state special revenue authority. In the past, not all personal services expenditures have been reflected for this division, as costs covered by the Natural Resource Damage program funding have been abated.

LFD COMMENT

This decision package replaces general fund and various state special revenue funds with Natural Resource Damage program funding. Instead of allocating out the reductions in proportion to all the funding sources, 100.0 percent of the state special revenue reduction was mistakenly taken from the gambling license fee account. If the legislature approves this decision package, the decision should be based on the following yearly fund reductions:

- 11,610 general fund
- \$1,633 gambling license fee account 02074
- \$13,217 highway state special revenue account 02422
- \$540 proprietary funds account 06500

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	46.00	0.00	3.00	49.00	0.00	3.00	49.00	49.00
Personal Services	1,978,408	148,380	101,679	2,228,467	146,751	101,416	2,226,575	4,455,042
Operating Expenses	1,346,555	1,357	68,116	1,416,028	9,040	68,116	1,423,711	2,839,739
Equipment	6,767	(53,579)	0	(46,812)	(53,579)	0	(46,812)	(93,624)
Transfers	0	0	0	0	0	0	0	0
Debt Service	527,303	0	0	527,303	0	0	527,303	1,054,606
Total Costs	\$3,859,033	\$96,158	\$169,795	\$4,124,986	\$102,212	\$169,532	\$4,130,777	\$8,255,763
General Fund	2,900,485	112,305	(120,794)	2,891,996	118,721	(120,839)	2,898,367	5,790,363
State/Other Special	768,893	0	290,589	1,059,482	0	290,371	1,059,264	2,118,746
Federal Special	179,456	(16,147)	0	163,309	(16,509)	0	162,947	326,256
Proprietary	10,199	0	0	10,199	0	0	10,199	20,398
Total Funds	\$3,859,033	\$96,158	\$169,795	\$4,124,986	\$102,212	\$169,532	\$4,130,777	\$8,255,763

Program Description

The Justice Information Technology Services Division provides a full range of information technology and criminal justice services for the Department of Justice including:

- System development and maintenance of:
 - The motor vehicle titling and registration system
 - The driver license and history system
 - The criminal history record information system
 - The Sexual and Violent Offender Registry
- Support for the Department of Justice internal computers and systems
- Identification services for the criminal justice community through criminal history record checking and fingerprint processing
- System development and support for the Criminal Justice Information Network (CJIN)

CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

Program Narrative

Information Technology Services Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ Reduction of \$10,607 general fund requested for the 2005 biennium from the base budget ○ Increase of \$537,697 in total funds requested for the 2005 biennium over the base budget <ul style="list-style-type: none"> ○ 3.00 FTE funded by new fee requested ○ Fund 67 percent of 6.00 current general funded FTE with new fee being requested 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ None 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Information Technology Svcs Division						
<u>Program Funding</u>	<u>Base Fiscal 2002</u>	<u>% of Base Fiscal 2002</u>	<u>Budget Fiscal 2004</u>	<u>% of Budget Fiscal 2004</u>	<u>Budget Fiscal 2005</u>	<u>% of Budget Fiscal 2005</u>
01100 General Fund	\$ 2,900,485	75.2%	\$ 2,891,996	70.1%	\$ 2,898,367	70.2%
02003 Misc Grants And Nrd	4,772	0.1%	4,772	0.1%	4,772	0.1%
02016 Criminal Justice Info Network	636,734	16.5%	636,734	15.4%	636,734	15.4%
02074 Gambling License Fee Account	36,686	1.0%	36,686	0.9%	36,686	0.9%
02422 Highways Special Revenue	90,701	2.4%	90,701	2.2%	90,701	2.2%
02797 Cjis - Background Checks	-	-	290,589	7.0%	290,371	7.0%
03051 Welfare Fraud	4,797	0.1%	4,797	0.1%	4,797	0.1%
03166 Mcsap-Truck Inspection Program	-	-	-	-	-	-
03187 Bcc Grants To Dept. Of Justice	171,112	4.4%	154,965	3.8%	154,603	3.7%
03801 Dept Of Justice-Misc Grants	3,547	0.1%	3,547	0.1%	3,547	0.1%
06500 Agency Legal Services	<u>10,199</u>	<u>0.3%</u>	<u>10,199</u>	<u>0.2%</u>	<u>10,199</u>	<u>0.2%</u>
Grand Total	<u>\$ 3,859,033</u>	<u>100.0%</u>	<u>\$ 4,124,986</u>	<u>100.0%</u>	<u>\$ 4,130,777</u>	<u>100.0%</u>

General fund is the primary funding source for the Information Technology Services Division. Fees generated by the Criminal Justice Information Network (CJIN) partially support the operating costs of the CJIN network, as do some federal funds. In fiscal 2002, fees of \$532,045 were collected from users comprised of state agencies, cities, counties, and federal agencies.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				265,267					263,552
Vacancy Savings				(89,746)					(89,660)
Inflation/Deflation				5,734					6,233
Fixed Costs				3,383					10,567
Total Statewide Present Law Adjustments				\$184,638					\$190,692
DP 7001 - On-going Special Session Reductions									
0.00	(88,480)	0	0	(88,480)	0.00	(88,480)	0	0	(88,480)
Total Other Present Law Adjustments									
0.00	(\$88,480)	\$0	\$0	(\$88,480)	0.00	(\$88,480)	\$0	\$0	(\$88,480)
Grand Total All Present Law Adjustments				\$96,158					\$102,212

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 7001 - On-going Special Session Reductions - The executive requests continuation of the August 2002 Special Session reductions of \$176,960 general fund for the biennium.

**LFD
COMMENT**

This decision package is part of an overall reduction to the department original request. The executive has reduced the program original budget request based on a continuation of the reductions made during the August 2002 Special Session. This reduction represents the division share based on the department reallocation of the overall reduction. The decrease is comprised of reductions to: the pay plan, general fund office supplies, general fund equipment, and a 1.0 percent across-the board reduction.

New Proposals

Program	Fiscal 2004					Fiscal 2005				
	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 8001 - Criminal Justice Information System FTE										
29	3.00	(120,794)	290,589	0	169,795	3.00	(120,839)	290,371	0	169,532
Total	3.00	(\$120,794)	\$290,589	\$0	\$169,795 *	3.00	(\$120,839)	\$290,371	\$0	\$169,532 *

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 8001 - Criminal Justice Information System FTE - The executive requests 3.00 new FTEs funded by a state special revenue account being proposed in separate legislation. These positions include 2.00 FTE fingerprint technicians and 1.00 FTE unit supervisor, as well as contracted services for an attorney. Proposed legislation requests a charge commensurate with the cost of performing name-based background checks. In addition, a request for a fund switch, based on the same legislation, will replace 67.0 percent of general fund (approximately \$241,600 for the biennium) for 6.00 FTE with revenue generated by this legislation.

**LFD
COMMENT**

Prior to the summer of 2002, the fee charged for name-based background checks was \$5 and \$8 for a fingerprint-based check. The name-based fee was raised from \$5 to \$8 as a result of the August 2002 Special Session and the reductions ordered under 17-7-140, MCA. The legislation proposed by the department and approved by the executive will dedicate the revenue from these fees to cover the costs of background checks and replace general fund.

**LFD
ISSUE**

The legislature may want to delay action on this decision package until the legislation has been passed and approved.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	Total Exec. Budget Fiscal 04-05
FTE	24.50	1.00	1.00	26.50	1.00	1.00	26.50	26.50
Personal Services	1,356,894	142,712	46,438	1,546,044	144,499	46,332	1,547,725	3,093,769
Operating Expenses	1,064,738	6,909	4,360	1,076,007	20,878	3,010	1,088,626	2,164,633
Equipment	118,803	(35,790)	0	83,013	(34,440)	0	84,363	167,376
Transfers	0	0	0	0	0	0	0	0
Debt Service	4,566	0	0	4,566	0	0	4,566	9,132
Total Costs	\$2,545,001	\$113,831	\$50,798	\$2,709,630	\$130,937	\$49,342	\$2,725,280	\$5,434,910
General Fund	2,156,769	58,823	0	2,215,592	76,035	0	2,232,804	4,448,396
State/Other Special	303,204	0	0	303,204	0	0	303,204	606,408
Federal Special	85,028	55,008	50,798	190,834	54,902	49,342	189,272	380,106
Total Funds	\$2,545,001	\$113,831	\$50,798	\$2,709,630	\$130,937	\$49,342	\$2,725,280	\$5,434,910

Program Description

The Forensic Science Division, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood and urine samples in connection with driving under the influence of alcohol or drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Program Narrative

Forensic Science Division Major Budget Highlights	
<ul style="list-style-type: none"> ○ Increase of \$134,858 general fund requested for the 2005 biennium over the base budget ○ Increase of \$344,908 in total funds requested for the 2005 biennium over the base budget <ul style="list-style-type: none"> ○ 2.00 federal funded FTE requested 	
Major LFD Issues	
<ul style="list-style-type: none"> ○ None 	

Funding

The following table shows program funding, by source, for the base year and for the 2005 biennium as recommended by the Governor.

Program Funding Table Forensic Science Division						
Program Funding	Base Fiscal 2002	% of Base Fiscal 2002	Budget Fiscal 2004	% of Budget Fiscal 2004	Budget Fiscal 2005	% of Budget Fiscal 2005
01100 General Fund	\$ 2,156,769	84.7%	\$ 2,215,592	81.8%	\$ 2,232,804	81.9%
02034 Earmarked Alcohol Funds	303,204	11.9%	303,204	11.2%	303,204	11.1%
03187 Bcc Grants To Dept. Of Justice	85,028	3.3%	140,036	5.2%	139,930	5.1%
03801 Dept Of Justice-Misc Grants	-	-	50,798	1.9%	49,342	1.8%
Grand Total	<u>\$ 2,545,001</u>	<u>100.0%</u>	<u>\$ 2,709,630</u>	<u>100.0%</u>	<u>\$ 2,725,280</u>	<u>100.0%</u>

The Forensic Science Division is funded primarily from the general fund. The division receives approximately \$300,000 annually from the earmarked alcohol tax for laboratory testing and intoxilizer equipment repair, which is done at the lab in support of the DUI Enforcement Program.

An on-going federal grant supports two chemists and meets the related operating costs; this grant requires a 25.0 percent general fund match.

**LFD
COMMENT**

An issue in the Department of Public Health and Human Services states that the use of earmarked alcohol tax funds for this purpose does not meet statute. For further information see the narrative for the Department of Public Health and Human Services.

**LFD
ISSUE****Change Statute**

If it is determined that the use of the earmarked alcohol tax funds for the above purpose does not meet statute, the legislature may want to change statute to allow the use of the earmarked alcohol tax funds for laboratory testing and intoxilizer equipment repair.

Present Law Adjustments									
-----Fiscal 2004-----					-----Fiscal 2005-----				
FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
Personal Services				178,685					180,659
Vacancy Savings				(61,422)					(61,503)
Inflation/Deflation				4,563					5,727
Fixed Costs				3,067					4,247
Total Statewide Present Law Adjustments				\$124,893					\$129,130
DP 3201 - Latent Print Examiner									
1.00	0	0	55,008	55,008	1.00	0	0	54,902	54,902
DP 3202 - Forensic Laboratory Lease									
0.00	(66,070)	0	0	(66,070)	0.00	(53,095)	0	0	(53,095)
Total Other Present Law Adjustments									
1.00	(\$66,070)	\$0	\$55,008	(\$11,062)	1.00	(\$53,095)	\$0	\$54,902	\$1,807
Grand Total All Present Law Adjustments				\$113,831					\$130,937

Executive Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions

on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3201 - Latent Print Examiner - The executive requests federal fund authority for a 1.00 FTE latent print examiner and associated operating costs. The division states that an additional examiner would enable the division to reduce a one-year backlog and meet its goal of a four-week turnaround time. In addition, the lengthy turnaround time has created a bottleneck causing criminal justice agencies around the state to wait for the processing of cases.

DP 3202 - Forensic Laboratory Lease - The executive requests an increase of general fund for five months of increased rent. The Forensic Science Division leases space from a private vendor. The Department of Administration entered into a 15-year lease for the current laboratory space on February 1, 2000. This lease allows for a \$1.00 per square foot rent increase five years after the inception of the lease or on February 1, 2005. The lease is for 31,145 square feet. The monthly increase is \$2,595 for five months of fiscal 2005. In addition, the executive requests to continue the special session reductions of \$66,070 general fund in operating, personal services, and equipment for each year of the 2005 biennium.

New Proposals										
Program	FTE	Fiscal 2004				Fiscal 2005				
		General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 3203 - Chemist 32	1.00	0	0	50,798	50,798	1.00	0	0	49,342	49,342
Total	1.00	\$0	\$0	\$50,798	\$50,798 *	1.00	\$0	\$0	\$49,342	\$49,342 *

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

DP 3203 - Chemist - The executive requests federal fund authority for a 1.00 FTE forensic scientist (chemist) funded entirely through the High Intensity Drug Trafficking Area program (HIDTA). The position will work in the chemistry section of the laboratory analyzing solid dosage drugs submitted by law enforcement. The types of drug submissions include illegal street drugs, prescription drugs, tampered products, and animal poisons.

The number of clandestine labs has increased in Montana from three to four per year prior to 1999 to 97 labs in 2002. Because of the increase in numbers and the time involved to analyze, the lab has developed a backlog of cases more than six months old. This FTE would help the lab manage the increase in submissions.